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PART X.

FURTHER CORRESPONDENCE

RESPECTING THE

A F F A I R S O F P E R S I A.

April to June 1907.

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CONFIDENTIAL.

Further Correspondence respecting the Affairs of Persia.

PART X.

[10332]

No. 1.

Sir A. Nicolson to Sir Edward Grey.—(Received April 1.)

(No. 56.)

(Telegraphic.) P.

St. Petersburg, April 1, 1907.

RUSSO-JAPANESE negotiations.

I understand Minister for Foreign Affairs hopes to conclude Conventions before the Russian Easter, that is, in about five weeks from now. I trust Russian Government will communicate with me within next few days as to Persia and Afghanistan.

[10328]

No. 2.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 1.)

(No. 72.)

(Telegraphic.) P.

Tehran, April 1, 1907.

THE native telegraph employes have organized a serious strike, and the local staff of the Imperial Bank threaten to follow their example, their grievance being the low rate of the salaries paid them. They are being kept quiet by the Manager of the Bank, but the situation gives ground for anxiety.

[10335]

No. 3.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)

(No. 141.)

Sir,

St. Petersburg, March 16, 1907.

I NOTICE that in the Russian draft Convention regarding Persia, besides specifying the nature of the Concessions which each Power should abstain from seeking in the zone of the other, the Russian Government have stated that "Great Britain [Russia] on her part engages not to seek for her own account, or on behalf of British [Russian] subjects, or in favour of subjects of third Powers, any Concessions, &c." The words in italics are an interpolation which perhaps you may have wished to see retained.

Although M. Isvolsky objected to the mention of third Powers when dealing with the attitude which the two Governments should respectively assume towards Concessions in the neutral zones of Persia, I venture to submit that it might be desirable to maintain the reference to third Powers in treating of the British and Russian zones, as it would exclude the possibility of the Russian Government hereafter favouring the introduction of foreign enterprise into the British zone. I trust you will forgive me for bringing this point to your notice, and doubtless it had already been remarked by you, but I desire to be quite sure that you admit the addendum.

[1741]

B

With respect to the "neutral zones," I would propose to submit to M. Isvolsky the following draft, or words to the same effect, of an Article III :—

"Russia, on her part, further engages not to oppose, without previous arrangement with Great Britain, any grant of Concessions to British subjects in the regions of Persia outside of the lines mentioned in Articles I and II. Great Britain undertakes a similar engagement as regards the grant of Concessions to Russian subjects in the aforementioned regions of Persia.

"All the existing Concessions within the lines mentioned in Articles I and II are maintained."

It might, perhaps, be well to avoid any mention in the Convention of "zones" or "spheres," and I have therefore ventured to suggest the above wording.

Article IV would refer to the customs and other pledged revenues, and I submit the following as a draft for Article V :—

"If there should be any question of the non-payment of coupons, and of the possibility of controllers being established over customs or other pledged revenues in the regions within the lines mentioned in Article II, Great Britain would be prepared to undertake the collection and remission to Russia of the due proportion of such revenues as may be affected to the service of loans contracted by the Government of the Shah in Russia.

"In similar circumstances, as regards customs and other pledged revenues in the regions within the line mentioned in Article I, Russia would be prepared to undertake the collection and remission of the due proportion of such revenues as may be affected to the service of loans contracted by the Government of the Shah with the Imperial Bank of Persia."

I have, &c.
(Signed) A. NICOLSON.

[10340]

No. 4.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)

(No. 147.)

Sir,

St. Petersburg, March 20, 1907.

I MENTIONED to M. Isvolsky to-day my hope that he would shortly be able to give me a reply to the amendments which His Majesty's Government desired to see introduced into the Russian Draft Convention as to Persia, and also that I should be favoured with the proposals of the Russian Government in regard to Afghanistan.

His Excellency said that he trusted to be in a position before long to give an answer in regard to the first question, but in respect to Afghanistan the matter was not in his hands, but was being studied by others. I remarked that I trusted that the proposals, when formulated, would be of such a nature as would be acceptable to His Majesty's Government.

M. Isvolsky said that he understood that there would be a proposal to establish Commercial Agents in Afghanistan; that some security should be afforded against the Ameer's troops being organized by Anglo-Indian officers, and against strategical railways being constructed with assistance from India. There were also questions in regard to treatment of frontier affairs, and other matters generally, which would reassure the Russian Government that Afghanistan would not be transformed from a "buffer State" into an *avant-garde* of the Indian Empire.

I observed that, in respect to Commercial Agents, we ourselves had none in Afghanistan, and that we had already made proposals as to intercourse between frontier officials. I did not wish to enter at present into other points, though I should remark that we expected Russia to recognize, as she had already done, that Afghanistan was outside of the sphere of her influence. M. Isvolsky said that, of course, it would be premature to discuss proposals which were not before us, but he thought that we had a resident at Cabul. I said that we had no Resident, but simply an Agent—an Indian native official—and I would only repeat the hope that the Russian proposals, when I received them, would be of a reasonable character, and that it would be remembered that Great Britain had the external affairs of Afghanistan under her guidance.

M. Isvolsky then mentioned that he had received from Count Benckendorff a "Formula," which you had communicated to him, in regard to some understanding as to the districts neighbouring to the countries in regard to which we were treating. His

Excellency said that he had read the communication from Count Benckendorff hurriedly, and could not remember the exact terms. He sent for the paper, but it could not be found at the moment, and he said he would let me have a copy of it later.

I expressed the hope that, now that our negotiations were attracting the attention of the press, and that incomplete information in regard to them was oozing out, it would be possible for us to push on with our discussions, as the sooner they were concluded the better. His Excellency said that he would do his best, but that he feared that question of Afghanistan might create some little difficulty. I told him that I did not see why this should be so; but I did not pursue our conversation, as, being his reception day, there were many waiting to see him.

I have, &c.
(Signed) A. NICOLSON.

[10347]

No. 5.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)

(No. 155. Confidential.)

Sir,

St. Petersburg, March 25, 1907.

I SPOKE to M. Isvolsky this morning in regard to the Zil-es-Sultan, and told him that his Highness had rendered at times considerable services to British commercial interests when he held a post of influence in the South. Owing to the uncertainty always attending the fortunes of Oriental and especially of Persian personages, the British Legation had in the past assured his Highness that in the event of his life or property being in danger, it would do its best to protect them, provided always that he remained loyal to the Shah. Should Ispahan, as the result of an Agreement in regard to Persia, come within the Russian zone, it seemed desirable that the position of the Zil-es-Sultan should not be left out of consideration, and I should be glad to know if the Russian Government would be disposed to take any steps on behalf of his Highness in the event of his life or property or those of his family being endangered. The Russian Government might perhaps be willing to give some assurance on this point either to His Majesty's Government or to the Zil-es-Sultan himself, and it was with this object that I mentioned the matter to him. I could tell him frankly that I felt that we were under a certain moral obligation to the Prince in this respect.

M. Isvolsky said that he must confess that he knew but little about the Zil-es-Sultan, and inquired where the Zil was at present and what he was doing. I said that I understood that he was at Tehran and that there was a movement against his returning to Ispahan. He had, I believed, considerable properties in that neighbourhood, and it would be but just and humane to see, if possible, that no harm happened to him or his property and family.

His Excellency said that he would be grateful if I would write him a private letter on the subject. I said I had no objection to meeting his wish, and beg leave to inclose a copy of a letter which I have addressed to him.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 5.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

Saint-Petersbourg, le 12 (25) Mars, 1907.

ME référant à notre conversation de ce matin, voici en deux mots, et à titre tout à fait privé, un court résumé de mes observations. Je serais heureux de savoir si le Gouvernement Impérial, dans le cas où la vie ou les biens du Zil-es-Sultan ou de sa famille seront en danger, serait disposé à faire quelques démarches en sa faveur, et à donner des assurances à cet effet à mon Gouvernement ou au Zil-es-Sultan lui-même, à condition, bien entendu, que ce personnage reste toujours fidèle au Schah et aux institutions de son pays. Je me suis permis de vous expliquer ce matin les motifs de mes observations, qui ont été suggérées par l'éventualité d'un accord sur la Perse.

Veuillez, &c.
(Signé) A. NICOLSON.

[10348]

No. 6.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)(No. 156.)
Sir,*St. Petersburg, March 25, 1907.*

M. ISVOLSKY told me this morning that he was now in a position to communicate to me the measures which the Russian Government propose to adopt, should the situation in Persia become acute, for the protection of Russian interests in that country. The main points, to his mind, were to safeguard that the customs revenues pledged to the service of the Russian loans were not diverted from their purpose, and also to show by a practical demonstration that Russia would not permit her interests to be endangered. The Russian Government were fully determined to abstain from all intervention in the internal affairs, and would take no steps unless the circumstances imperatively called for some action. At the same time, it was well to be prepared for contingencies, and he wished to hand me a *pro-memorandum*, of which I have the honour to inclose herewith a copy, detailing the measures which were contemplated. He wished to act in complete accord with His Majesty's Government in all matters concerning Persia, and he would, therefore, be glad to know what steps they proposed to take on their side. I would observe that the measures proposed by the Russian Government were limited, in case of necessity, to the occupation of certain customs in the north of Persia. He asked me to tell him my opinion as to the steps which the Russian Government proposed to take, and whether I thought that they would create a salutary impression on the Persian population.

I told his Excellency that I was a little puzzled to give an opinion, and that I would prefer to await your views. Personally it seemed to me that the measures would be practical for the purposes for which they were intended, and I hoped that they would, if employed, impress the population. Sir C. Spring-Rice, who was on the spot, was, I knew, of opinion that abstention should be observed to the last possible moment, and that half-measures, if any measures were required, would do more harm than good.

M. Isvolsky said he could assure me, as he had done on previous occasions, that nothing but urgent necessity would induce the Russian Government to take any measures at all. What, he inquired, did I think that my Government would do? I said that I believed that we were disposed to do no more than afford protection to the southern ports. Would we, he asked, also occupy custom-houses? I said I could give him no reply to that point, but that doubtless I would receive your views when you had studied the Memorandum which he had given me.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 6.

Pro-memorandum.

La situation dans les provinces septentrionales de la Perse devenant de plus en plus inquiétante, le Gouvernement Impérial a dû envisager la possibilité d'un état de choses tel qu'il constituerait une menace directe aux intérêts de la Russie et nécessiterait la mise à exécution de mesures effectives pour la sauvegarde de ces intérêts.

Après mûre réflexion il a été reconnu que dans le cas de besoin urgent il y aurait lieu à l'occupation *manu militari* de quelques douanes Persanes sur notre frontière de terre, ainsi que sur le littoral de la Mer Caspienne, afin de garantir le service régulier de l'amortissement des obligations pécuniaires du Gouvernement Persan envers la Russie. Les points que nous nous proposons d'occuper éventuellement seraient Djoulfa, Astara, Enzeli, Mechedesser, et Bender Ghiaz; à cet effet des contingents de troupes se tiendront prêts pour être dirigés sur les points indiqués, dès que la nécessité se présentera.

Le Gouvernement Impérial se fait un devoir d'en informer au préalable le Cabinet de Londres en le priant de vouloir bien lui communiquer les décisions que l'Angleterre croira nécessaire de prendre de son côté, en vue d'établir un accord complet dans l'action des deux Puissances.

[10617]

No. 7.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)

(No. 57.)

(Telegraphic.) P.

St. Petersburg, April 2, 1907.

MY despatch No. 125 of the 10th March.

I have received a *pro-memorandum* in reply to Memorandum communicated by me on the 10th March.

Russian Government state that, in consideration of the great importance which His Majesty's Government attach to the point that the proposed line should terminate at Zulficar and not near Kuhsan, and further, being desirous of affording undoubted proof to the Cabinet of St. James' of the firm intention of the Russian Government to arrive at a solid understanding with His Majesty's Government, they might declare themselves ready to meet our wishes. Before, however, giving a definite reply on that subject, as well as on other questions to which the Memorandum of the 10th March alludes, the Imperial Government would wish to have the following points made clear:—

1. With regard to collection by Great Britain of revenues pledged to Russian loans in British zone in case of default by Persia, the *pro-memorandum* points out that, in virtue of the loan contract with the Persian Government, Russia has, in case of non-payment of coupons, right to control Persian customs. It is therefore indispensable first to decide whether this right can be ceded to a third party, or whether such a transaction would justify a protest on the part of Persia. The Russian Government would also require full information as to the rights acquired by the British Government in the event of interest on British loans not being paid, so that the Imperial Government might know exactly what obligations acceptance of the proposed transaction would entail.

2. Russian Government propose that allusion to third Powers in regard to Concessions in neutral zones should be omitted. This I verbally consented to (see my despatch No. 132 of the 13th March). They presume there would be no objection to a reciprocal undertaking on our part.

Pro-memorandum contains no mention as to our proposed addition to last paragraph of Article II of Russian draft Convention, or as to maintenance of existing Concessions or transfer of telegraph lines, but I do not anticipate that these points will occasion any difficulties.

[10616]

No. 8.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 2.)

(No. 73.)

(Telegraphic.) P.

Tehran, April 2, 1907.

SITUATION in Persia.

Forty Persian Cossacks have been dispatched to Sebzewar from Tehran.

Russian Vice-Consul from Meshed is on his way to Sebzewar with about thirty Russian Cossacks drawn from Turbat-i-Haideri and Meshed. On his arrival at Nishapur the Persian Governor raised objections, which were disregarded.

The popular party at Tabreez have seized ninety cases of arms addressed to the Shah. A protest has been lodged by the Russian Consul-General, who says that he will decline responsibility for the lives and property of Russian subjects unless he gets a satisfactory reply.

[10158]

No. 9.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 38.)

(Telegraphic.) P.

Foreign Office, April 2, 1907.

PERSIAN situation.

See my telegram No. 36 of the 26th ultimo.

Following ports in the Persian Gulf will be visited by His Majesty's ship, should the necessity arise, viz., Bushire, Henjam, Bunder Abbas, Chahbar, Jask, and Linga.

[1741]

As regards making a communication to the above effect to the Russian Government, we have told Sir A. Nicolson to use his discretion. But, of course, we should resort to active measures only after previously communicating with Russian Government and when a really serious emergency necessitated such a course.

[10158]

No. 10.

Sir Edward Grey to Sir A. Nicolson.

(No. 136. Confidential.)

Sir,

Foreign Office, April 2, 1907.

WITH reference to my telegram No. 43 of the 26th ultimo, relative to the situation in Persia, I transmit to your Excellency herewith copy of a letter from the Admiralty,* specifying the measures which it is proposed to take for the protection of British interests in the Persian Gulf in the event of disturbances arising in that country, together with copy of the reply which I have caused to be returned to that communication.†

If your Excellency thinks such a course desirable, you may inform the Russian Minister for Foreign Affairs in a general way of the steps which His Majesty's Government are prepared to take in the event of necessity arising, but in doing so you should impress upon him that active measures, which should if possible be avoided, will only be resorted to in case of a serious emergency, after previous communication with the Russian Government.

I am, &c.
(Signed) E. GREY.

[10158]

No. 11.

Foreign Office to Admiralty.

(Confidential.)

Sir,

Foreign Office, April 2, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 28th ultimo stating the measures which Vice-Admiral Sir E. S. Poë recommends that His Majesty's Government should take for the protection of British interests in the Persian Gulf in the event of disturbances arising in Persia.

I am to inform you, in reply, that Sir E. Grey concurs in the suggested programme, and is of opinion that Chahbar should certainly be included in the list of ports to be visited by one or more of His Majesty's ships.

Sir E. Grey will not fail to apprise the Lords Commissioners of the Admiralty so soon as a situation arises which, in his view, renders the immediate application of these measures imperative.

I am, &c.
(Signed) E. GORST.

[10644]

No. 12.

India Office to Foreign Office.—(Received April 3.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 28th March, relative to the situation in Persia.

India Office, April 2, 1907.

* See Part IX, No. 238

† No. 11.

Inclosure in No. 12.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, March 28, 1907.

PERSIA.

Please refer to telegram of the 19th March from His Majesty's Minister at Tehran.

In telegram of the 25th March His Majesty's Ambassador at St. Petersburg reported receipt of Memorandum from Russian Minister for Foreign Affairs, stating that, in order to secure regular service of Russian loans, Russian Government proposed, in case of necessity, to effect military occupation of Persian custom-houses at Bundergez, Meshedin, Carpfa, Tamara, and Enzeli, and that for this purpose troops would be held in readiness. With a view to establishment of complete accord, Russian Government expressed a wish to be made acquainted with measures contemplated by His Majesty's Government.

In reply, Sir A. Nicolson said that proposed measures seemed practical for attainment of purpose, and he believed fixed limit to our protection of southern ports, but he would prefer to await the views of His Majesty's Government. He added that Sir C. Spring-Rice was in favour of abstention as long as possible, while deprecating half measures.

M. Isvolsky said that Russian Government adhered to policy of non-intervention, and would only take proposed measures in case of urgent necessity.

The language held by Sir A. Nicolson was approved in a telegram dated the 26th March, and he was informed that his reply to M. Isvolsky was in accordance with the views of His Majesty's Government.

[10795]

No. 13.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 4.)

(No. 74.)

(Telegraphic.) P.

Tehran, April 4, 1907.

SEISTAN.

Reparation has now been made for the attacks on His Majesty's Consulate in Seistan in accordance with the conditions laid down in your telegram No. 3 of the 9th January.

[10802]

No. 14.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 4.)

(No. 75.)

(Telegraphic.) P.

Tehran, April 4, 1907.

IMPERIAL Bank of Persia and National Bank: My telegram No. 65.

A letter from the Imperial Bank reminding the Finance Minister of the payment of interest due to-morrow was handed by me to the Minister for Foreign Affairs, who begged for six months' grace. I replied that I had no authority to grant delay, and would lodge a protest if the amount was not paid on the stipulated date. I then asked if the terms of the National Bank's Charter were under consideration. He said that, in view of my letter, he had sent for the text; that he and the Finance Minister would examine it together; and that the Assembly would be approached on the subject.

The customs revenue is paid directly into the Russian Bank, so that payment of interest on the Russian loans will probably not be delayed. No such security attaches to our loans, nor is there any definite clause in our loan contracts as to our occupying ports in the event of failure to pay (see inclosure in Sir A. Hardinge's No. 164 of the 30th November, 1902, and No. 165 of the 3rd September, 1901).

Delay might perhaps be conceded on condition that the silver clause be eliminated from the National Bank's Charter, and meanwhile we might press hard for payment.

Joint action on the part of the Russian and National Banks against the Note Concession held by the Imperial Bank is always possible (see Sir A. Hardinge's No. 49 of the 14th April, 1903).

[10796]

No. 15.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 4.)

(No. 76.)

(Telegraphic.) P.

Tehran, April 4, 1907.

IRRIGATION scheme on the Karun. My telegram No. 70 of the 28th ultimo. Sheikh of Mohammerah would propose to keep things as they are. He is not anxious for a foreign Company. At present there is small chance of establishing a foreign Company here, and Dutch Minister has no news of its formation.

I propose to keep the Sheikh informed of the course of events and to remain neutral.

[10857]

No. 16.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 5.)

(No. 77.)

(Telegraphic.) P.

Tehran, April 5, 1907.

FOLLOWING sent to Government of India:—

Visit of squadron to Persian Gulf.

According to a telegram which has just reached me from Bushire, a squadron is to arrive at Bunder Abbas on the 8th.

Increase of Russian Consular guards and the rumour of a British demonstration in South Persia have recently caused great excitement here. The belief that Russia and England are taking joint action against Persia is liable to be strengthened by the sudden arrival, without any notice, of a British squadron.

[10886]

No. 17.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 5.)

(No. 79.)

(Telegraphic.) P.

Tehran, April 5, 1907.

YOUR telegram No. 12 of the 4th February and my telegram No. 35 of the 24th February. Bakhtiari road.

According to a telegram from Vice-Consul at Ahwaz, dated the 21st March and received to-day, the Ilkhani and Ilbeggi of the Bakhtiari refuse to delegate full powers to the Chiefs now in Paris. They insist that questions should be referred to them in person.

[9985]

No. 18.

Foreign Office to Treasury.

Sir,

Foreign Office, April 5, 1907.

WITH reference to my letter of the 11th February, relative to expenditure on Consular establishments in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a letter from the India Office,* stating that the Government of India are being consulted on the subject of the questions raised in your letter of the 25th January, which dealt with this matter, and suggesting the appointment of an Interdepartmental Committee to consider the best method of adjusting in future years the claims between the Imperial and Indian Governments in respect of the establishments in Persia and Turkish Arabia.

I am to inquire what reply the Lords Commissioners of the Treasury would wish to be returned to this proposal.

I am, &c.
(Signed) E. GORST.

* See Part IX, No. 233.

[10889]

No. 16*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 5.)

(No. 78.)

(Telegraphic.) P.

Tehran, April 5, 1907.

D'ARCY Petroleum Syndicate.

According to a telegram from Vice-Consul at Ahwaz, dated the 25th ultimo and received to-day, the Ilkhani and Ilbeggi, of the Bakhtiari, have quarrelled. The Shahab-es-Saltaeh (the Ilbeggi) has come secretly to the Vice-Consul and hinted that it would be possible to induce the Shah to give him (the Ilbeggi) sole control of all matters connected with the Oil Syndicate and the Bakhtiari road. He gave the Vice-Consul a written undertaking that if this were done and all payments made to him he would allow the Syndicate to pay the guards themselves and deduct from the amount due to him the sums thus expended, and would accept the Oil Agreement as it stands, with the extra allowance of 500*l.* already conceded. At present two of the minor Chiefs are in Tehran. They are apparently in the plot, and instructions have been given to them to consult the Legation should occasion arise.

The Ilbeggi's offer, Captain Lorimer thinks, should be accepted.

I have replied that I will take no initiative in the matter, but am ready to consider any proposal submitted to me by the Chiefs now in Tehran.

Captain Lorimer states that, as far as the immediate future is concerned, the situation locally is satisfactory.

[1741]

[11049]

No. 20*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 6.)

(No. 80.)

(Telegraphic.) P.

Tehran, April 6, 1907.

IMPERIAL Bank of Persia and National Bank.

My telegram No. 75.

I am informed by Minister of Finance that he has delayed the signature of the National Bank contract for the present.

According to him, and I have the same impression, no hostile action against the Imperial Bank is intended by the Assembly. He hopes to secure the withdrawal of the silver clause from the National Bank's Charter by using the arguments advanced by you.

The instalment of interest due yesterday was not paid. He asked what His Majesty's Government would do. I replied that no instructions had reached me.

[11007]

No. 19.

Admiralty to Foreign Office.—(Received April 6.)

(Confidential.)

Sir,

Admiralty, April 5, 1907.

WITH reference to your letter of the 2nd instant, and to Sir C. Spring-Rice's telegram No. 77 inclosed with your letter of the 5th instant, respecting the proposed cruise in the Persian Gulf, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, copies of telegrams dated the 4th and 5th instant respectively, which have been dispatched in cypher to the Commander-in-chief, East Indies, with reference to the present situation in Persia.

I am, &c.
(Signed) C. I. THOMAS.

Inclosure 1 in No. 19.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.) P.

Admiralty, April 4, 1907.

IT is thought by Sir E. Grey that list of Persian ports, which His Majesty's ships should visit in case of emergency, should certainly include Charbar.

Until, however, you receive from Admiralty definite instructions, you should take no steps in the matter.

Inclosure 2 in No. 19.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.) P.

Admiralty, April 5, 1907.

VISIT to any Persian ports at present time is thought by Sir E. Grey to be undesirable, as, if British squadron arrived suddenly, the population might believe that joint action is being taken against Persia by British and Russian Governments.

You must therefore postpone cruise to ports in Persian Gulf for the present.

[11047]

No. 20.

India Office to Foreign Office.—(Received April 6.)

Sir,

India Office, April 6, 1907.

IN reply to Sir E. Gorst's letter of the 22nd ultimo, relative to the probable inability of the Persian Government to pay the instalment of the advance made to them through the Imperial Bank, which falls due early in April, I am directed by Mr. Secretary Morley to request that you will draw Sir E. Grey's attention to the last paragraph of Sir H. Walpole's letter of the 4th October, 1906, and to say that he concurs in Sir E. Grey's proposal to authorize Sir C. Spring-Rice to send in a note of formal protest to the Persian Government, but at the same time to adopt a lenient policy in the matter.

I am, &c.
(Signed) A. GODLEY.

[1741]

D

[10006]

No. 21.

Sir Edward Grey to Sir C. Spring-Rice

(No. 39.)

(Telegraphic.) P.

Foreign Office, April 6, 1907.

VISIT of squadron to Persian Gulf.

On receipt of your telegram No. 77 of the 5th instant, instructions were sent to Commander-in-chief, East Indies, that cruise to Persian ports should for the present be postponed.

[10802]

No. 22.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 40.)

(Telegraphic.) P.

Foreign Office, April 6, 1907.

VISIT of squadron to Persian Gulf.

In reply to your telegram No. 77, Admiralty inquire whether, if notice were given, there would be any objection to the East Indies squadron visiting ports of Gulf in two weeks' time.

If this is undesirable, no visit will be possible to Persian ports during present cruise of the squadron.

[10335]

No. 23.

Foreign Office to India Office.

Sir,

Foreign Office, April 6, 1907.

WITH reference to previous correspondence relative to the proposed Anglo-Russian Agreement with regard to Persia now in course of negotiation, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's Ambassador at St. Petersburg,* containing certain observations and suggestions which his Excellency desires to offer in connection with the draft Convention submitted by the Russian Government, copy of which formed the inclosure in my letter of the 28th February.

With regard to the first paragraph of Sir A. Nicolson's despatch, I am to inform you that Sir E. Grey has already informed his Excellency that His Majesty's Government desire the reference to third parties as regards concessions in the British and Russian special zones to be maintained. This information, which was conveyed to Sir A. Nicolson in Sir E. Grey's telegram No. 39 of the 13th ultimo, had not reached his Excellency at the time when his despatch was written. A copy of the telegram in question is inclosed.†

On the 11th ultimo Sir E. Grey addressed a telegram to Sir A. Nicolson (No. 35), copy of which was forwarded to you the same day, stating that His Majesty's Government were only interested that British concessions should not be opposed in the neutral zone without previous agreement with them, and that they were willing to give a reciprocal engagement on this point.

The draft of an Article III proposed by Sir A. Nicolson is intended to give effect to the view of His Majesty's Government on this question. Sir E. Grey considers it satisfactory in principle, but would prefer to substitute the words "same regions" for the words "afore-mentioned regions of Persia" at the end of the first paragraph, which would, in his opinion, improve the language of the Article without altering its sense.

He would accordingly propose, subject to the concurrence of Mr. Secretary Morley, to authorize Sir A. Nicolson to submit this draft to the Russian Minister for Foreign Affairs with the slight verbal alteration above indicated.

Sir E. Grey concurs in Sir A. Nicolson's view that it would be well to omit from the text of the proposed Agreement any specific reference to "zones" or "spheres."

Sir E. Grey is of opinion that Sir A. Nicolson's proposed draft of an Article V represents, in principle, the views of His Majesty's Government on the point with which it deals. He would prefer, however, to omit from it any mention of the possible establishment of controllers of the one nationality over customs or pledged revenues

in the sphere of the other Power, a contingency for which no specific provision is made in the loan agreements concluded by the Imperial Bank of Persia with the Persian Government. He would further suggest that the idea embodied in the Article would be more precisely expressed if the following wording were substituted for that submitted by Sir A. Nicolson :—

"In case of the non-payment of the interest on loans contracted by the Government of the Shah in Russia, Great Britain would be prepared to undertake the collection and remission to the Russian Government of the due proportion of the customs receipts or other revenues pledged to the service of such loans in the regions within the lines mentioned in Article II.

"In similar circumstances, Russia would be prepared to undertake the collection and remission to His Britannic Majesty's Government of the due proportion of the customs receipts or other revenues pledged to the service of the loans, contracted by the Government of the Shah with the Imperial Bank of Persia, in the region within the lines mentioned in Article I."

Sir E. Grey proposes, if Mr. Morley should see no objection, to authorize Sir A. Nicolson to submit to M. Isvolsky the draft of an Article in these terms.

I am, &c.
(Signed) E. GORST.

[10617]

No. 24.

Foreign Office to India Office.

Sir,

Foreign Office, April 6, 1907.

WITH reference to previous correspondence relative to the negotiations for an Anglo-Russian Agreement with regard to Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Ambassador at St. Petersburg,* enumerating certain points on which the Russian Government desire explanations in connection with this subject.

With regard to the first of these points—namely, the question whether the Russian Government are justified in ceding to a third Power (*i.e.*, to Great Britain), as far as the proposed British sphere is concerned, the right which is conferred upon them by their loan contracts with the Persian Government of controlling the Persian revenues pledged to the service of those loans in the event of the non-payment of the interest, Sir E. Grey would wish to offer for the consideration of Mr. Secretary Morley the following observations :—

In order to insure the proposed collection of the pledged revenues by the one party in the sphere of the other, it does not appear to be necessary that these revenues should be ceded to the former. The party to whom the collection was intrusted would merely be acting as the agent of the other, and it does not appear, therefore, that the Persian Government would have any right to object to such a proceeding.

With regard to the second point—namely, what rights His Majesty's Government possess of taking action in the event of the non-payment of the interest on the British loans, and, consequently, what would be the responsibility incurred by the Russian Government should this contingency arise, Sir E. Grey would observe that the loan contracts concluded by the Imperial Bank of Persia with the Persian Government do not expressly provide for such a case. He is, however, of opinion that the right of control in the event of non-payment may be held to follow inherently from the hypothecation of the revenues.

Sir E. Grey would accordingly propose, subject to Mr. Morley's concurrence, to instruct Sir A. Nicolson to make a communication to the Russian Government in the sense of the above observations, in reply to their *pro-memorandum*, and to indicate to them the revenues upon which the British loans to Persia are secured.

With regard to the proposal of the Russian Government, embodied in the paragraph of Sir A. Nicolson's telegram numbered 2, Mr. Morley is aware that his Excellency has already been authorized to inform M. Isvolsky that His Majesty's Government consent to the omission of an allusion to the subjects of third Powers in connection with concessions in the neutral zone, and that they are willing to give a

reciprocal undertaking to that effect. As, however, the Russian Government appear still to desire an assurance of the kind indicated, Sir E. Grey considers that His Majesty's Government would do well to emphasize their readiness to give one, and would propose, if Mr. Morley sees no objection, to authorize Sir A. Nicolson to make a communication in this sense to M. Isvolsky.

Sir E. Grey would be glad to be favoured with Mr. Morley's views on the foregoing questions at as early a date as possible.

I am, &c.
(Signed) E. GORST.

[10802]

No. 25.

Foreign Office to India Office.

Sir,

Foreign Office, April 6, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Minister at Tehran,* relative to the inability of the Persian Government punctually to effect the payment of the interest due on the loans made to them by the Imperial Bank of Persia.

With regard to the point raised in the second paragraph of this telegram, Sir E. Grey's views on the subject of the right of His Majesty's Government to control the revenues pledged to the service of these loans in the event of the non-payment of the interest are set forth in my letter of to-day.

Should Mr. Secretary Morley concur in that expression of opinion, Sir E. Grey would propose to address a telegram in that sense to Sir C. Spring-Rice which would furnish him with the necessary indication of the attitude of His Majesty's Government on this point.

Sir E. Grey would further suggest, if Mr. Morley agrees, to approve Sir C. Spring-Rice's proposal to postpone the demand for the immediate payment of the interest on condition that the clause in the charter of the New National Bank, granting it priority in the importation and sale of silver, is eliminated.

I am, &c.
(Signed) E. GORST.

[11083]

No. 26.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 7.)

(No. 81.)

(Telegraphic.) P.

Tehran, April 7, 1907.

VISIT of squadron to Persian Gulf. Your telegram No. 40.

Visit of a squadron at present would give rise, I think, to rumours of impending intervention. It should be borne in mind, however, that we may be forced eventually to take action in the south, and naval and military forces should be available in case of necessity.

Robberies will soon begin in the south, for the tribes are now on the move. This might give a pretext for other Powers to intervene if we abstained.

[11095]

No. 27.

Sir E. Goschen to Sir Edward Grey.—(Received April 8.)

(No. 35. Confidential.)

Sir,

Vienna, April 5, 1907.

WITH reference to your despatch No. 22 of the 30th ultimo, I have the honour to report that his Highness Atabeg-i-Azam called upon me to-day.

After informing me that his appointment as Grand Vizier was not yet definitely

* No. 14.

decided upon, his Highness enlarged upon the difficulties of the post at the present juncture, and said that, unless he could get the Shah to share his views, he would certainly decline to take office. His views were that the old system of government was bad, and that the new system had been pushed on too quickly, and therefore in its present state left also much to be desired. The fact was that the National Assembly had had no time to learn the limits of its duties, and thought itself entitled to arrogate to itself supreme power in the State, administrative as well as legislative. To eradicate this erroneous idea would be the first work of the new Grand Vizier, and would be a most difficult and delicate task.

Still he had made up his mind that Persia must go with the times, and that Parliamentary Government, ill-suited as the country was for representative institutions, must be maintained. Unless the Shah accepted these views, his Highness would not accept the post of Grand Vizier. His impression was that the Shah did not at present hold these views, and that His Majesty's present *entourage* was encouraging him to make a sort of *coup d'Etat* and dismiss the General Assembly. Unless he could persuade him to give up this idea he would not take office. He added that the Shah was excessively intelligent, and that he thought he could prove to him how fatal such a *coup d'Etat* would be to the future of the country; but he feared His Majesty's *entourage* would make trouble, and that there might be disturbances. In order to deal successfully with disturbances troops would be necessary, and to have reliable troops funds must be at the disposal of the Government. It was hopeless to look to the National Bank for such funds, as it had insufficient capital at its disposal, and such depositors as there were had, perhaps justly, such a deep-rooted mistrust of Persian administration that they would sooner withdraw their deposits than see them advanced to the Government. This brought his Highness gently to the question as to whether His Majesty's Government would be inclined to advance a certain sum in order to enable him, should he accept office, to deal with the situation during the necessary interval which would be required for setting Persian affairs into some sort of order. I then informed his Highness, in accordance with your instructions, that without the co-operation of the Russian Government and the assent of the Persian Government and National Assembly, His Majesty's Government could not afford him any financial assistance. I likewise explained to him that as long as the Persian Government were able to maintain in security the lives and property of British and other foreign subjects, and observe the concessions and obligations which they had undertaken, His Majesty's Government had neither the desire nor the intention to intervene in the internal affairs of Persia.

His Highness said that the Persian Government would certainly keep to its engagements, and would do its best to protect foreign subjects, but he must remind me that to do the latter an efficient police was required, and that, again, cost money.

His Highness then proceeded to state that it would be his first endeavour, if he took office, to raise the money required for administrative reforms and other necessary purposes in the country itself, and that he proposed to do all in his power to avoid a foreign loan. But he had doubts of being able to do this, as the wasteful extravagance of previous administrations had made people exceedingly shy of advancing money to the Government, and he would like to know, if the Persian Government was forced to have recourse to a foreign loan, whether it should apply to either His Majesty's Government or the Russian Government alone or to both simultaneously. I replied that it appeared to me, from what you had said with regard to the inability of His Majesty's Government to make an advance without the co-operation of the Russian Government, that the same would be true of the Russian Government, and that therefore the two Governments should be approached simultaneously. This was a point, however, on which he should consult His Majesty's Minister at Tehran.

His Highness then referred to the proposed Anglo-Russian Agreement, and I duly informed him, in the terms of your despatch, of the nature of the discussions which were taking place. His Highness, who was speaking through an interpreter, seemed inclined to be a little suspicious as regards the "other matters" which were being discussed between the two Governments, but he was entirely relieved when I told him that you wished him to be assured that there was nothing being discussed which could result in any prejudice to the independence and integrity of Persia.

In taking leave of me his Highness again referred to the enormous difficulty of bringing the National Assembly on the one hand, and the Shah and the Administration on the other, to a proper sense of their respective functions, and he asked whether, if his views prevailed, and he undertook this thorny task, he could count upon the support of His Majesty's Government.

[1741]

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I replied that I felt assured that any efforts on his part to bring Persia into the paths of modern progress and to tranquillize the country would most certainly meet with the approbation of His Majesty's Government.

I will not fail to communicate to my Russian colleague the substance of the above conversation.

I have, &c.
(Signed) W. E. GOSCHEN.

[11056]

No. 28.

Admiralty to Foreign Office. — (Received April 8.)

Sir, *Admiralty, April 6, 1907.*
I AM commanded by my Lords Commissioners of the Admiralty to transmit herewith, for the information of the Secretary of State for Foreign Affairs, copy of a telegram which has been received from the Commander-in-chief on the East Indies station at Muscat, dated the 6th instant.

It will be seen that the Commander-in-chief, East Indies, entirely excludes a visit to Persian ports from this programme.

Before approving this revised cruise, my Lords would be glad to be informed whether a cruise to Persian ports, on the lines suggested in the programme inclosed in Admiralty letter of the 25th March, could be carried out in a fortnight's time if notice were given, or whether the telegram No. 77 of the 5th April from Sir C. Spring-Rice at Tehran is to be understood as deprecating any visit by a British naval squadron to Persian ports within the next few weeks, in which case it would not be carried out during the present cruise of the East Indies Squadron.

I am, &c.
(Signed) W. GRAHAM GREENE.

Inclosure in No. 28.

Vice-Admiral Sir E. Poë to Admiralty.

(Telegraphic.)

April 6, 1907.

PROPOSE to leave 8th April for Koweit, and from there visit Bussorah in Royal Indian Marine ship "Lawrence," and return to Bombay.

[11083]

No. 29.

Foreign Office to Admiralty.

Sir, *Foreign Office, April 8, 1907.*
I AM directed by Secretary Sir Edward Grey to inform you that, on the receipt of your letter of the 6th instant relative to the situation in Persia, he addressed a telegram to His Majesty's Minister at Tehran, inquiring whether there is, in his opinion, any objection to the East India squadron visiting the southern ports of that country in about a fortnight's time after giving notice of their intention to do so, and adding that the squadron would otherwise be unable to visit those ports at all during the present cruise.

I am to transmit to you herewith copy of a telegram which has now been received from Sir C. Spring-Rice in reply to this communication deprecating any visit of the squadron for the present,* but emphasizing the possibility that action in that region may eventually be necessary.

In view of the opinion expressed in this telegram, Sir E. Grey considers that no useful purpose would be served at present by fixing a definite date for a visit, which, when the time comes, it may appear after all advisable to postpone.

He would suggest, however, for the consideration of the Lords Commissioners of the Admiralty, that ships should be kept at the nearest convenient point, so that they may be sent to the Gulf at short notice in the event of necessity arising.

I am, &c.
(Signed) E. GORST.

[10886]

No. 30.

Foreign Office to Persian Transport Company.

Sir, *Foreign Office, April 8, 1907.*
WITH reference to your letter of the 7th February, relative to the visit to Europe of two of the Bakhtiari Chiefs, I am directed by Secretary Sir Edward Grey to inform you that he has received a telegram from His Majesty's Minister at Tehran, stating that, according to a message which reached him on the 5th instant from His Majesty's Vice-Consul at Ahwaz, the ruling Chiefs refuse to delegate full powers to their colleagues in Paris, but insist that all questions should be referred to themselves personally.

I am, &c.
(Signed) E. GORST.

[10889]

No. 31.

Foreign Office to Mr. J. R. Preece.

Sir, *Foreign Office, April 8, 1907.*
I AM directed by Secretary Sir Edward Grey to inform you that he has received a telegram from His Majesty's Minister at Tehran, repeating a message from His Majesty's Vice-Consul at Ahwaz, dated the 25th ultimo, to the effect that a disagreement has arisen among the ruling Chiefs of the Bakhtiari, with the result that the Shahab-es-Saltaneh has hinted to Captain Lorimer, in the course of a visit which he paid to him in secret, that the Shah might be induced to place under the Shahab's sole control all matters connected with your Syndicate and with the Bakhtiari road.

The Shahab gave to Captain Lorimer a written undertaking that, in such an event, he would, if all payments were made to him, permit the Syndicate themselves to pay the guards, and deduct the amounts expended, and that he would adhere to the existing agreement with the additional allowance of 5000l. already agreed to.

Captain Lorimer believes that the lesser Chiefs now visiting Tehran are parties to this plot, and adds that they have been instructed, if necessary, to consult His Majesty's Legation. He recommended the acceptance of the Shahab's offer.

Sir C. Spring-Rice reports that he has expressed, in reply, his willingness to consider any proposal made by the Chiefs at Tehran, but has declined to take the initiative.

Captain Lorimer considers the local situation satisfactory as regards the immediate future.

I am, &c.
(Signed) E. GORST.

[10285]

No. 32.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 53.)

Sir, *Foreign Office, April 9, 1907.*
THE Netherland Chargé d'Affaires called at this Office on the 28th ultimo and left a note, copy of which is inclosed,* inquiring as to the accuracy of a report received by his Government from their Minister at Tehran, to the effect that you had been instructed to declare that His Majesty's Government had withdrawn their objection to the grant to a foreign Syndicate of a concession to utilize the waters of the Karun for purposes of irrigation.

It was explained to M. van Roijen, in reply, that you had been informed that if a concession were eventually granted to an international Syndicate, His Majesty's Government would, in certain events, adopt a neutral attitude, but that they felt that the views of the Sheikh of Mohammerah must be considered, and they were now waiting for further information from you on this subject.

M. van Roijen expressed the fear that the Germans were making offers to the Sheikh which might be detrimental to the Dutch scheme, and asked that he might be furnished with a written reply to his inquiry as soon as the necessary information was received from Tehran.

I am, &c.
(Signed) E. GREY.

[10348]

No. 33.

Sir Edward Grey to Sir A. Nicolson.

(No. 147.)

Sir,

Foreign Office, April 9, 1907.

I HAVE received your Excellency's despatch No. 156 of the 25th ultimo recording a conversation with the Russian Minister for Foreign Affairs relative to the situation in Persia, in the course of which M. Isvolsky inquired whether His Majesty's Government contemplated occupying the custom-houses of the southern ports in the event of disturbances in that country.

Your Excellency is authorized to inform M. Isvolsky, in reply to his inquiry, that His Majesty's Government would afford protection to British and other foreign subjects, and would maintain order in those ports, but that the custom-houses would only be occupied in the event of the Persian Government showing signs of suspending the payment of the interest due on the British loans.

I am, &c.
(Signed) E. GREY.

[10796]

No. 34.

Sir Edward Grey to M. van Roijen.

Sir,

Foreign Office, April 9, 1907.

I HAVE the honour to acknowledge the receipt of your note of the 28th ultimo, relative to the utilization of the waters of the Karun for purposes of irrigation, which was handed by you to Sir Eric Barrington.

I have the honour to inform you that I have received a telegram from His Majesty's Minister at Tehran, reporting that the Sheikh of Mohammerah has no desire for the formation of a foreign Company for the purpose in question, and would prefer a continuance of the present situation.

Sir C. Spring-Rice adds that the Netherland Minister at Tehran is not aware of the formation of such a Company, and that there is at present little chance of the establishment of such an enterprise at that capital.

I have, &c.
(Signed) E. GREY.

[11473]

No. 35.

Sir A. Nicolson to Sir Edward Grey.—(Received April 10.)

(No. 62.)

(Telegraphic.) P.

St. Petersburg, April 10, 1907.

WITH reference to your despatch No. 116 of the 20th ultimo, I was told to-day by M. Isvolsky that he was prepared to give the assurances which I suggested in my despatch No. 155 of the 25th ultimo to Zil-es-Sultan, and that he would cause his Highness to be informed of this decision.

[11474]

No. 36.

Sir A. Nicolson to Sir Edward Grey.—(Received April 10.)

(No. 63.)

(Telegraphic.) P.

St. Petersburg, April 10, 1907.

I WAS to-day informed by M. Isvolsky that as Atabeg had applied for assistance, and had been recalled by the Shah, the Russian Government would facilitate his return to Persia.

[11778]

No. 37.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 55.)

Sir,

Foreign Office, April 10, 1907.

THE Persian Chargé d'Affaires inquired to-day about our negotiations with Russia.

He gathered from the press that they were in an advanced state, and he would like to be told privately what the conditions of them were.

I said I had already stated the general character of the negotiations, which was to prevent Russia and ourselves from coming into conflict in any of the countries in the region of the Indian frontier. I had added to this that there was nothing in the negotiations which affected the independence and integrity of Persia.

In reply to further requests for more details, I explained that, until the negotiations were completed, it was impossible to say exactly what their precise form might be. I could only repeat the assurance that they did not concern the independence and integrity of Persia; there was, therefore, no occasion for Persia to be a party to them, and I could make no further statement about them.

I am, &c.
(Signed) E. GREY.

[11568]

No. 38.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 11.)

(No. 82.)

(Telegraphic.) P.

Tehran, April 11, 1907.

SITUATION in Persia.

I am informed by Minister for Foreign Affairs that a satisfactory settlement has now been arrived at with regard to the murder of a Russian subject at Sebzewar, but that another incident has arisen at Turbat-i-Haideri, where another Russian subject has been attacked.

From the provinces the reports are satisfactory on the whole. Outrages are not more frequent than formerly, and the country does not seem worse off than before, though there is neither Government nor money.

The Court party openly talk of the necessity of calling in foreign help, and some of the Russian Agents are apparently using provocative language. The Russian Minister tells me that the Shah will probably soon apply to Great Britain and Russia for money, with or without the consent of the Assembly.

Even if the views of the Russian Government undergo a change, I shall assume, unless I hear to the contrary, that the instructions contained in your telegram No. 18 of the 12th February still hold good.

[11569]

No. 39.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 11.)

(No. 83.)

(Telegraphic.) P.

Tehran, April 11, 1907.

PERSIAN Gulf quarantine.

Our control of the quarantine arrangements in the Persian Gulf will probably be attacked shortly. I trust steps will be taken to secure the maintenance of the present system.

[11095]

No. 40.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 41. Confidential.)

(Telegraphic.) P.

Foreign Office, April 11, 1907.

SIR E. GOSCHEN was informed by Atabeg-i-Azam, when at Vienna *en route* to Persia, that Shah had not yet decided on his appointment as Grand Vizier.

His Highness, in speaking of Persian affairs, condemned old system of Government, but disapproved also of the Assembly. The latter was endeavouring to acquire supreme power in the State. If he took office he was determined nevertheless to uphold Parliamentary institutions. He would, however, refuse the appointment of Grand Vizier unless he could induce Shah to adopt his views and reject those of His Majesty's *entourage*, who were trying to induce His Majesty to dissolve Assembly by *coup d'état*. The Persian people were shy of lending to their Government, and he therefore had but little hope of being able to raise a loan in Persia itself. Until, however, affairs had been put in order, there was need for money for the prevention of disturbances and for dealing with the situation.

Acting on my instructions, Sir E. Goschen, when questioned by the Atabeg, informed him that no financial aid could be afforded him by His Majesty's Government without the co-operation of the Russian Government and the assent of the Persian Assembly and Government. There would be, his Excellency added, no intervention on the part of His Majesty's Government in the internal affairs of Persia so long as British and other foreign lives and property were protected by the Persian Government.

Sir E. Goschen informed his Highness that nothing was being discussed in the Anglo-Russian negotiations whereby the integrity or independence of Persia could be affected.

Sir E. Goschen communicated the substance of the above conversation to his Russian colleague at Vienna.

[10988]

No. 41.

Foreign Office to Mr. J. R. Preece.

Sir,

Foreign Office, April 11, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a Memorandum, drawn up by M. Edouard Kitabji, on the subject of the difficulties with which the Oil Concessions Syndicate are meeting in the prosecution of their enterprise.

This paper has been received from His Majesty's Minister at Tehran, who states, in forwarding it, that M. Kitabji has been of considerable service in arranging that the subject of the Oil Concession should not arouse the opposition of the Persian Assembly.

Sir C. Spring-Rice considers that there is some justice in M. Kitabji's remarks as to the advisability of reserving the interference of His Majesty's Legation as a last resource, and of not trusting too much to the respect of the Bakhtiari Khans for the letter of their contract.

* See Inclosure in No. 49.

He adds that he has had some conversation with the Shuja-es-Sultan, who is the chief opponent of the Concession at Tehran, in the course of which, without entering into a detailed discussion, he pointed out to that Chief that, if the petroleum enterprise is abandoned in consequence of the opposition of the Bakhtiari Khans, they themselves will be the principal sufferers.

[11610]

No. 42.

India Office to Foreign Office.—(Received April 12.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, with reference to India Office letter, dated the 2nd April, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copies of telegrams from and to the Viceroy relative to the situation in Persia.

India Office, April 11, 1907.

Inclosure 1 in No. 42.

Government of India to Mr. Morley.

(Telegraphic.) P.

April 3, 1907.

SITUATION in Persia. Your telegram of the 26th ultimo.

We should be glad to have a repetition of passage commencing "In reply, Sir A. Nicolson," and ending "views of His Majesty's Government," and of names of Persian custom-houses, occupation of which is proposed by Russia.

Inclosure 2 in No. 42.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, April 4, 1907.

SITUATION in Persia. Your telegram of the 3rd instant.

Sentence of which repetition is requested is as follows:—

"In reply, Sir A. Nicolson said that proposed measures seemed practical for the purpose, and, he believed, fixed limits to our protection of southern ports, but he would prefer to await the views of His Majesty's Government."

Please refer to my telegram dated the 18th February, in which policy is stated that, even if protection of foreigners renders show of force absolutely necessary, our action must be confined to ports for physical reasons.

Following are Persian custom-houses named by Russian Government: Enzeli, Bundergez, Mash-hadi-i-sar, Julfa, and Astara.

[11609]

No. 43.

Admiralty to Foreign Office.—(Received April 12.)

(Confidential.)

Sir,

Admiralty, April 11, 1907.

WITH reference to your letter of the 8th instant, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, a paraphrase of a telegram dated to-day, which has been sent to the Commander-in-chief, East Indies, relative to the situation in Persia.

This telegram has been addressed to His Majesty's Consul-General at Bushire, with a request that he may communicate it to the Commander-in-chief, who is due at Koweit to-day.

I am, &c.

(Signed)

C. I. THOMAS.

Inclosure in No. 43.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.) P.

Admiralty, April 11, 1907.

WE approve your telegram.

You should keep ships ready, so that, if you are so ordered, you can start at short notice for ports in Persian Gulf.

For the next month you should report in advance movements which you propose to make.

[11473]

No. 44.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 43.)

(Telegraphic.) P.

Foreign Office, April 12, 1907.

PLEASE refer to my telegram No. 30, dated 20th ultimo, respecting Zil-es-Sultan.

British Ambassador at St. Petersburg has been told by M. Isvolsky that latter will cause his Highness to be informed that Russian Government are willing to give assurances of a similar nature to those which British Government gave in the past.

[11807]

No. 45.

India Office to Foreign Office.—(Received April 13.)

Sir,

India Office, April 11, 1907.

I AM directed to acknowledge the receipt of Sir E. Gorst's letter, dated the 25th March last, with which was forwarded copy of a despatch from His Majesty's Ambassador at St. Petersburg, transmitting the draft of a note, to be annexed to the Anglo-Russian Convention with regard to Persia, for effecting the transfer of the Meshed Tehran telegraph line to Russian control, and that of the Meshed-Seistan line to British control.

In reply, I am to inform you that Mr. Morley approves the terms of the draft note, and concurs in Sir E. Grey's proposal to authorize Sir A. Nicolson to communicate it to the Russian Government.

I am, &c.
(Signed) A. GODLEY.

[11807]

No. 46.

Sir Edward Grey to Sir A. Nicolson.

(No. 48.)

(Telegraphic.) P.

Foreign Office, April 13, 1907.

I HAVE received your despatch No. 132 of the 13th ultimo, respecting transfer of Persian telegraph lines.

You may communicate to Russian Government the draft note which you suggest, and the terms of which have my approval.

[12194]

No. 47.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 16.)

(No. 50.)

Sir,

Tehran, March 20, 1907.

HIS Majesty's Consul at Mohammerah writes that M. Ter Meulen, who was at one time Russian Consular Agent there, and afterwards Agent for the Hamburg-America line, has informed him that a Company has recently been started to trade from Ahwaz with a capital of 10,000L., under the name of "Ter Meulen and Gratama."

Both these gentlemen are Dutchmen; and in view of the Dutch scheme for floating an international Company for the Karun irrigation works, I would suggest that inquiry

might be made in Holland as to the composition, scope, and objects of the new trading Company.

M. Gratama visited the Karun a year ago, and M. Ter Meulen has been engaged for several years on various schemes of a more or less adventurous character at Mohammerah.

He is not, or was not at one time, on friendly terms with the Sheikh.

I have, &c.

(Signed) CECIL SPRING-RICE.

[12195]

No. 48.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 16.)

(No. 51. Confidential.)

Sir,

Tehran, March 20, 1907.

I HAVE the honour to transmit herewith a copy of a despatch which I have received from His Majesty's Consul-General at Tabreez, reporting the disturbed state of that town, and the excitement caused by rumours of Russian intervention in the near future.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 48.

Consul-General Wratislaw to Sir C. Spring-Rice.

(No. 14. Confidential.)

Sir,

Tabreez, March 6, 1907.

IN my telegram, No. 14, of the 4th instant, I had the honour to report the attempted murder of a prominent member of the Enjumen. This gentleman, Haji Hassan Milanli, is one of the leading merchants of the town, with a high reputation for integrity amongst natives and foreigners. He was shot at night in the upper part of the back while about to enter his house, and the bullet passed through his neck into his mouth. His state is still critical, as so severe a wound is necessarily dangerous in view of his advanced age, but Dr. Vanneman of the American Mission, who is attending him, has some hope that his life may be saved.

Haji Hassan Milanli seems to have no personal enemies, and the motive for the crime is assumed to be political. Several persons have been arrested on suspicion, but have been released for want of proof. The public generally consider that the attempt was instigated by the Shah in order to intimidate the members of the Enjumen, and the existing state of unrest has been much aggravated in consequence.

The internal dissensions which I have previously reported seem to be increasing. The Senior Ecclesiastics have formed an Enjumen of their own, to be guided by Sheri Law, though it is not yet clear that they have entirely severed their connection with the lay Enjumen. Seyid Hashim, who declined to accept his nomination as an Azerbaijan deputy, returned to Tabreez some ten days ago, and seems to be working for his own hand. He has a large following of Seyids. Many believe that he has been bought over by the Shah, and is sent to Tabreez as an "agent provocateur" to excite disturbances and afford a pretext for Russian intervention.

The reported concentration of Russian troops on the frontier is generally credited. In this connection I am informed by Mr. Dhout, the Acting Director of Customs, who came here from Julfa a fortnight ago, that when he left a hundred Cossacks were daily expected, and that the Russian Customs Director had been warned of the approaching arrival of another hundred for whom he was to provide stabling. Rumour naturally goes far beyond these numbers, but I have received no further confirmation.

The public here express great anxiety and indignation concerning the probability of Russian interference in Azerbaijan at the request of the Shah. Some hot-headed individuals talk wildly of the desirability of sacrificing a foreigner—a Consul for choice—in order, as they think, to ensure the counter-intervention of another Power. Further

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anxiety is due to the rumour that Ferman Ferma is shortly to be sent with troops to reassert the Shah's authority in Tabreez, and open resistance is threatened to such a mission.

Altogether the situation appears even more disquieting than hitherto.

I have, &c.
(Signed) A. C. WRATISLAW.

[10988]

No. 49.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 16.)

(No. 52.)

Sir,

Tehran, March 22, 1907.

WITH reference to previous correspondence on the subject of the D'Arcy Oil Concession, I have the honour to transmit herewith a Memorandum drawn up by Mr. E. Kitabji on the subject of the difficulties which the Company are now meeting in the prosecution of their enterprise.

Mr. Kitabji, who is charged with this despatch, has been of considerable service in arranging that the subject of the oil concession should not arouse the opposition of the Assembly. He is no doubt anxious to be employed as Persian agent of the Company. Mr. Preece will be better able to judge of the advisability of such an appointment than I am, and I accordingly offer no opinion on the subject.

At the same time there seems to me to be some justice in his remarks as to the advisability of reserving the interference of this Legation as a last resource, and of not trusting too much to the respect of the Bakhtiari for the letter of their contract.

I have had some conversation with the Shuja-es-Sultan who is the chief opponent here of the concession, but I have not entered into a detailed discussion, merely observing that if the petroleum enterprise is abandoned in consequence of the opposition of the Bakhtiari Chiefs, they themselves will be the principal sufferers.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 49.

Memorandum by Mr. Kitabji on the Affairs of the D'Arcy Oil Company in Persia.

WITH respect to the contract concluded between Mr. D'Arcy and the Bakhtiari Khans, I understand that the Persian Government point out that it should have been first submitted to them before being signed, and that they have opposed the contract on the ground that the scope of the contract includes some territory which would appear to belong to the Persian Government. Should they ratify this contract, they would admit that the territory in question belonged to the Bakhtiari tribe.

Besides this, another contention can be raised by the Seyyed Sadat of Shushter, as a portion of the land included in the contract is theirs by "Vafk" (religious endowment). This land having been taken by force may one day be the cause of litigation.

What has been the cause of the misunderstanding so far? It should first be observed that one of the Chiefs who most severely contests the contract is Shuja-es-Sultan Bakhtiari, elder brother of Shabab-es-Sultaneh the Ilbeggi. This Chief has been for several years attached to the present Shah at Tabreez and is now in the same capacity at Tehran. Is it not likely that his present opposition has something underhand in it which it would be desirable to counteract?

In the second place the Company perhaps tried to follow too closely the letter of the contract, forgetting that they had to deal with people who are unacquainted with laws and contracts, and who, as soon as there was a difference of opinion, thought they had a right to ignore their engagements, and resorted practically to blackmail in order to carry out their designs.

On the other hand, at the first misunderstanding, the Company availed themselves of the ultimate means of recourse at their disposal, that is the intervention of the British Legation. When I say that the ultimate means of recourse were employed I mean that such recourse should have been actually withheld until the last moment, and should have been avoided by all possible means, and held out to these Chiefs as a kind of threat. It should not be forgotten that the Persian Government, if even well

disposed towards the contract, have not at their disposal the means of bringing effective pressure to bear on the Bakhtiari tribe. This point should have been taken into consideration at the beginning, and though a contract had been concluded, it would still have been good policy to try and win the friendship of the Chiefs and of the tribe by showing them the advantages which they themselves would gain. Furthermore it would be advantageous to win over the goodwill of the local councillors of the Chiefs.

I am of opinion that all these difficulties can now be overcome, but with some expenditure, which would have been avoided if the matter had been taken up in time.

One of the first steps to be taken is the appointment at Tehran of an agent of the Company who would have to deal with the Persian Government in all matters concerning the Company. I should here observe that Mr. D'Arcy has already distributed an important sum of money both in cash and in shares among those persons who were in a position to assist the enterprise, and this should not be lost sight of in attempting to settle the present difficulties. These persons should be made to see the advantage of lending their aid, which would eventually, if successful, further their own personal interests. This process cannot, however, be put into effect by any one having an official standing.

The Company has furthermore no employé on the spot who is acquainted with the customs of the country. It seems therefore desirable to send out some person having such experience, whose duty it would be to create an influence favourable to Mr. D'Arcy's interests. This agent would, with this object in view, be furnished with orders issued by the Persian Government to those persons locally concerned, declaring that he was authorized to deal with them on the spot with the purpose of settling the differences which had arisen or might arise between them and the Company. He would, in short, be the intermediary between the local administration of the Company and the Chiefs and natives.

Therefore in the actual conditions of the country it would seem that immediate friendly measures would be more efficacious, and it would perhaps be advisable to ignore the fact that the matter has been placed in the hands of the British Legation.

Tehran, March 21, 1907.

[11852]

No. 50.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 54.)

Sir,

Tehran, March 25, 1907.

IN my despatch No. 35, of the 24th ultimo, I had the honour to transmit copy of the note which I presented to the Persian Government, after consultation with my Russian colleague, on the question of the Customs Administration.

I now have the honour to transmit the reply of the Mushir-ed-Dowleh, in which he assures me that the resignation of M. Naus will not change the Customs Administration, which will retain its present character and not be farmed out.

As you will recollect, both M. Naus and M. Priem, his first assistant, were dismissed at the same time. Since then, representations have been made to the Persian Government to retain the services of M. Priem. It has been found impossible, however, to induce the Assembly to withdraw its objections to M. Priem's retaining the Directorship of the Customs, which has been confided to M. Mornard, who has been employed in Azerbaijan. M. Priem has, however, been promised the post of financial adviser to the Persian Government. M. Naus, who is shortly leaving for Europe, expresses his intention of returning in a year, when it is presumed circumstances will have changed considerably.

I am given to understand by the Finance Minister that the administration of the Customs will remain in the hands of a Belgian Chief, under the nominal control of a Persian Director. This Director will act on the advice of a Committee of Control, composed of Danes or Swedes, who will have access to all the books, &c., of the Belgian Administration.

The Minister of Finance informs me confidentially that M. Naus had enjoyed *carte blanche* as to the expenses of administration, and that no control of any kind had been exercised by the Persian Government. The Sadr Azam, to whom M. Naus had

alone been responsible, had apparently used his position in order to claim a share in the spoil. His Excellency did not believe that, given the increase in trade and of customs duties, the net proceeds of the Belgian Customs Administration had been proportionately greater than under the farming system, while the burden on the merchants had very much increased.

He has been for some time engaged on an examination of the documents, which have revealed a condition of affairs truly astonishing. He made no direct attack on M. Naus' integrity, but implied that his actual profits very greatly exceeded the stipulated salary of 50,000 francs.

You will observe that, should a loan be concluded abroad, his profits and power as chief negotiator and disbursing officer would be very considerable, and that it is quite intelligible that he should be regarded by the Russian Government as an invaluable and devoted agent in their financial policy. His contemplated return after a year's leave is not without significance.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 50.

Grand Vizier to Sir C. Spring-Rice.

(Translation.)

March 5, 1907.

I HAVE the honour to acknowledge the receipt of your private note of the 20th ultimo respecting M. Naus, and thank you for your private suggestions in the matter. In reply, I have the honour to state that as I have already informed you verbally, the change in the position of M. Naus does not in any way change the Customs Administration, and it will be administered "amami" (not farmed out), as it has hitherto been done, and the instalments of the loan will be regularly paid as before. It is obvious that the Persian Government will, in view of its duty, take suitable measures for the proper administration of the Customs.

[11853]

No. 51.

Sir C. Spring-Rice to Sir Edward Grey. (Received April 15.)

(No. 55.)
Sir,

Tehran, March 25, 1907.

IN my despatch No. 47 of the 1st instant I had the honour to transmit to you a translation of the draft loan contract which is being negotiated between the Government and the National Bank. One of the clauses contained in it provided that 400,000l. a-year should be paid to the bank out of the proceeds of the Southern Customs. In the same despatch I inclosed copy of the note which I addressed to the Persian Government pointing out, in general terms, that a contract later in point of time could not invalidate the contracts and engagements already sanctioned by the Persian Government. In conversation with the Ala-es-Sultaneh I explained to him that, as the loans already negotiated with the Imperial Bank of Persia were secured on the proceeds of the Southern Customs, a later engagement entered into with the National Bank could only have the character of a second mortgage.

I now inclose translation of a new draft contract which has passed the Assembly, and which appears to have been ratified by the Shah. In this new draft the objectionable clause has been altered, and it is now arranged that the yearly instalments payable by the Government should be subtracted from the general revenues of the State, which are payable to the bank.

With regard to the general terms of the Agreement, it will be seen that the bank undertakes to advance 2,000,000 tomans (400,000l.), three-quarters in cash, and one-quarter in bank shares; half in three months, and the remainder in six. With this money so acquired the Minister of Finance engages to meet all the liabilities of the Government up to the end of 1906-1907, using his discretion as to the validity of the claims put forward. The Minister of Finance informed me that his position was a very disagreeable and delicate one, as the amount of the claims to be settled greatly exceeded the means at his disposal. It is instructive to observe the jealousy with which the Assembly watches the interests of the exchequer; for it would appear from the Bill passed by the House that all claims prior to April 1907 should be finally settled on payment of a fixed sum. No such pledge was offered by the

Persian Government when the advance of 400,000l. was being negotiated with the two Powers, and it is probable that whatever "justification of the expenditure" the Persian Government would have afforded, the money would have been spent by the Ministers and the Court according to the time-honoured Persian tradition.

The Minister of Finance and the Minister for Foreign Affairs, in speaking to me of the financial situation, stated that the Government would be unable to pay the instalment of 23,270l., due on the 4th April on the loans of 1903 and 1904 (see Sir A. Hardinge's No. 165 of the 3rd September, 1904), and begged that a delay would be allowed. I replied that I would refer the request to my Government, but that if the instalment were not paid I would at once enter a formal protest.

You have instructed me to take steps in order to secure the modification of an objectionable clause in the Bank Concession (which comes into effect as soon as the loan is paid), securing to the National Bank priority, on equal terms, in the right of importing silver for coinage. There is another clause which may give rise to difficulties, namely, that which secures to the National Bank the monopoly of pearl fisheries, which are at present to some extent in the hands of Arabs who are under our protection. With regard to this latter clause, I propose merely to call the attention of the Persian Government to what has already passed between the two Governments on the subject. With regard to the silver clause, it originated undoubtedly in the desire of the promoters (especially one individual who is a personal enemy of the Manager of the Imperial Bank) to attack the Imperial Bank's note monopoly. This is a right which the promoters of the National Bank consider essential to the prosperity of their enterprise, and they will have recourse to every possible expedient in order to obtain it. I fear, therefore, that there is little hope of obtaining favourable consideration for the claims of the Imperial Bank from the promoters of the new institution, or from the popular leaders who are closely bound up with the National Bank, or, like the President of the National Assembly, intent on the idea of German financial assistance.

I have, however, requested a gentleman who is in close touch with the popular leaders to represent to them the danger to their cause of adopting an attitude which gives good ground for the accusation that they are opposed to foreign enterprise in Persia; and I have at the same time sent a private Memorandum to the Minister for Foreign Affairs and the Minister of Finance, translation of which I have the honour to inclose herewith, which they will probably make use of in order to obtain a favourable hearing for the claims of the Imperial Bank. At the present moment they can hardly be anxious to run counter to British financial interests when they are appealing to His Majesty's Government for delay in the payment of the instalments on our loan, and when, as they are aware, a loan of the Imperial Bank made over and above the amount allowed in their Concession is long overdue.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 51.

Form of Bill which passed the Assembly on March 16, 1907.

THE National Assembly approves that all the debt of the Government on account of the yearly statement up to the end of "Yunt-Il" (1906-1907), shall be settled and closed by his Excellency the Minister of Finance, by the sum of 2,000,000 tomans, borrowed from the National Bank, of which 1,500,000 tomans cash and 500,000 tomans bank shares; on condition that in all cases of Government indebtedness due observance should be made of the importance or necessity of the expenditure, and the rights of those having claims, in such a manner that immediate and pressing expenditure and the rights of those having claims should all be settled, and the shortage should be a reduction in accordance with equity and justice from the claims of those persons, and a statement of the manner in which the sum is divided should be submitted to the Assembly.

Inclosure 2 in No. 51.

Loan Agreement.

ARTICLE 1. The Imperial Government borrows the sum of 2,000,000 tomans from the National Bank, with the approval of the National Assembly.

Art. 2. The bank will pay 1,000,000 tomans of the above sum during the course of three months from the date of signature of the Agreement, against the drafts of the Minister of Finance.

Art. 3. The balance of 1,000,000 tomans will be paid by the National Bank during the course of six months from the date of signature, in the following manner:—

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|---------|
| | | | | | | | | Tomans. |
| In cash | .. | .. | .. | .. | .. | .. | .. | 500,000 |
| In bank shares | .. | .. | .. | .. | .. | .. | .. | 500,000 |

Art. 4. The interest of this loan, which the Government will pay to the bank, will be at the rate of 9 per cent. per annum.

Art. 5. Repayment of the loan of 2,000,000 tomans will be made as follows: The Government will repay during the first three years at the rate of 200,000 tomans a-year, and after three years at the rate of 250,000 tomans, on account of the principal and interest; and this sum of 250,000 tomans will be paid thereafter yearly by the Government to the bank until the whole debt is extinguished.

Art. 6. The Government may, whenever they wish, pay off the whole of the loan, or pay any sum over and above the instalments.

Art. 7. The National Bank will subtract the yearly instalment, which is payable by the Government, in accordance with Article 5 of this Agreement, from the general revenues of the State, which, in accordance with Article 2 of the Concession, are payable to the bank.

Inclosure 3 in No. 51.

Current Account Agreement.

WHEREAS, in accordance with Article 2 of the National Bank's Concession, it is stipulated that the revenues of the State are payable to the bank, and that the bank will pay the expenditure of the State against the drafts of the Minister of Finance, this Agreement is made in amplification of the above Article.

Article 1. In accordance with Article 2 of the Concession, the State revenues will be paid to the bank, and the State expenditure will be paid by the bank against the drafts of the Minister of Finance, and for this purpose accounts entitled "Current Account" will be opened between the Government and the bank.

Art. 2. The rate of interest on the bank current account will be as follows, to be calculated yearly: If the Government should have a debit balance with the bank the latter will receive 9 per cent. from the Government, and should the Government have a credit balance they will receive $4\frac{1}{2}$ per cent. from the bank.

Art. 3. On the State revenues collected by the bank, up to the extent of 6,000,000 tomans, the bank will charge 1 per cent. commission; and should they exceed 6,000,000 tomans the bank will charge $\frac{1}{2}$ per cent. on the surplus up to 12,000,000 tomans, and on any sums exceeding 12,000,000 tomans they will charge $\frac{1}{4}$ per cent. commission.

Art. 4. The expenses of transferring the funds encashed by the bank from one place to another will be charged to the Government.

Art. 5. The Agreement as to interest on account in Article 2 and as to commission in Article 3 will hold good for ten years from this date in the year (). After ten years, by common agreement of both parties, in accordance with the necessities of the time, the rate of commission will be fixed anew, but in that case the minimum of commission to be paid yearly to the bank must be not less than 7,000 tomans.

Inclosure 4 in No. 51.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Copy sent to Nasr-el-Mulk, Minister of Finance.)

(Private.)

IN the Concession of the National Bank it is stated that the new bank will have the prior right to import silver for coinage; that is, if another bank offers to bring a certain amount of silver to Persia at a certain price, the National Bank will be able, by offering the same terms, to secure the right to import the silver itself.

As I have often talked the matter over with your Highness, it is, I hope, unnecessary to point out that it is against the interests of Persia to impose any restrictions whatever on the importation of silver for coinage. It will be a long time before the rate of exchange will make it profitable to import silver. Now, as you know, silver is being exported in great quantities. But the time will no doubt come when exchange will fall to the point which will allow of the import of silver. When that time comes every one should be free to import silver, as the misfortune of Persia now is the scarcity of the coinage. Therefore, in the interest of Persia itself, it would seem that the clause in the Concession should be modified.

Another objection to it, which is, from my own point of view, a strong one, is that it is really a direct attack upon the privileges hitherto enjoyed by the Imperial Bank, which has always imported silver when silver was needed. It will certainly be as regarded, and I need not tell you how unfortunate it would be at this moment if it were to be generally considered that the Persian Government and people were inspired by sentiments hostile to foreigners and especially to existing foreign enterprises.

I venture to remind you that the Imperial Bank has gone even farther than was quite prudent or quite legal in its desire to oblige the Persian Government, and I should be sorry to have to report that their appeals for fair and equitable treatment had failed to obtain a hearing. Such an announcement would, I fear, have a very unfavourable effect on the attitude of the Directors towards the Persian Government, and would also incline my Government to be less indulgent than I should wish.

[11854]

No. 52.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 56.)

Sir,

Tehran, March 25, 1907.

IN my despatch No. 41 of the 27th ultimo, I had the honour to report the various attempts made by M. Naus and the Russian Financial Agent to obtain money for the payment of troops on the ground that disorders were imminent.

Since then I received, through Mr. Churchill, an intimation from an Armenian gentleman connected with the reactionary Naib-es-Sultaneh, and who is also understood to be in Russian employ, to the effect that the situation in Tehran was critical, that bombs were being manufactured, and that the Legations would be attacked. Mr. Churchill's informant suggested that this Legation should take the initiative in addressing a note to the Persian Government, calling attention to the critical state of affairs and asking for protection. On the next day a colleague who is in close touch with the Russian Legation called upon me, and made a somewhat similar suggestion. I consulted my American, Turkish, and French colleagues, and we were all of the opinion that, whether the supposed danger was real or imaginary, a collective note to the Persian Government asking for protection would be taken as an appeal directed against the action of the Popular party and of the Assembly, and would create the danger of an anti-foreign movement, if it did not already exist. It would also be taken as a justification for foreign intervention, which we were all of opinion was not a measure which was called for yet, as there was little or no sign of a movement against Christians or foreigners as such, although the Popular party is demanding the exclusion of foreign influence from the Persian Government and Administration and from the commercial exploitation of the country.

M. Hartwig has never directly mentioned the subject to me, and as far as I can remember has never suggested the advisability of addressing a collective note to the Persian Government. We were agreed, however, that the state of affairs was such that our two Governments should be warned that they must be prepared for the

possibility of an outbreak, and I telegraphed in this sense on the 4th instant. I was somewhat taken aback by the telegram sent by Sir A. Nicolson, No. 41 of the 8th instant, containing the Russian version of my conversation with my colleague and the proposal for a joint note of protest in the sense already indirectly indicated to me from various sources, which could be traced either to the extreme Reactionary party or to the Russian Legation. Had you accepted the Russian proposal, my situation here would have become extremely embarrassing, for I have consistently maintained that His Majesty's Government were entirely opposed to the idea of intervention (except in self-defence), or to any action which would directly lead to intervention.

The result of this incident has been that M. Hartwig has not again approached me on the subject.

I venture, however, to point out that, as is only natural, the whole weight of the Russian Legation here, and of Russian employes in Persia, especially the Financial Agent, is thrown on the side of the Shah in the struggle with his people, and as it becomes more and more probable that the Shah will have to yield unless he is supported by force, the Russian agents here are naturally anxious that the required assistance should be supplied, and supplied from Russia. Such a desire is easily explained, for should the popular movement succeed, and the Shah accept the inevitable and join hands with his people, it will be quite impossible for Russian agents to control the policy of the Persian Government as they have done for the last six years. And, it should be added, there is the further consideration of the political sympathies of the Russian agents here, or, at any rate, of the Russian Government. They appear to be convinced that the Liberal movement in Persia is a grave danger to Russian interests, and that it must be suppressed at any cost.

I am without information as to whether His Majesty's Government, as is stated here, is in any way bound, as part of their rumoured agreement with Russia, to take joint action against the spread of Liberal principles in Asia.

I propose to maintain the attitude which I have taken up since I came here, namely, that of strict though benevolent neutrality. Although I fear this may not altogether meet the wishes of the Russian authorities, I would venture with all due deference to suggest that it is not by any means certain that intervention would be an easy matter, or, at any rate, intervention of an effective kind. Half measures can only have an irritating effect, and serve more to provoke than to protect. Such measures will no doubt be advocated by those persons who desire intervention. But before indorsing such a policy, it is desirable that the Governments concerned should be prepared to face the consequences and to count the cost.

I have, &c.
(Signed) CECIL SPRING-RICE.

[11855]

No. 53.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 57.)
Sir,

Tehran, March 25, 1907.

IN my despatch No. 55 of the 25th instant I had the honour to transmit the revised version of the Loan Contract with the National Bank.

Although only 300,000*l.* is required in cash, and that within a delay of six months, I understand that there will be great difficulty in collecting this amount, partly because of the general state of the market in Persia, and partly from the scarcity of silver coinage resulting from the impossibility, at the present rate of exchange, of importing silver for coinage at a profitable rate.

The Russian Bank, under M. Grube's management, has during the last few years advanced large sums to local merchants on the security of Russian goods which have been imported in excess of the local requirements, partly at the expense of the Russian Bank itself. The result of this policy is the general indebtedness of the Persian merchants to the Russian Bank, which is now attempting, with small success, to recover its debts. In this manner strong pressure is being exercised on the local market and the promoters of the bank, and the difficulty of finding sufficient funds is greatly increased.

The Imperial Bank is also creditor to large amounts, and was at one time instructed to recover all debts due from the promoters of the National Bank. These orders were, however, reversed by the Directors in deference to your representations. Such a policy would certainly be dangerous, as the Imperial Bank, having the note

monopoly, is more or less dependent on the sympathy of the public. It would also be very embarrassing to the British colony here and this Legation, as openly hostile action against the National Bank would be equivalent to a declaration of war against the popular movement.

M. Hartwig has pointed out to me that, in view of the scarcity of available funds and the known sympathy of the President of the Assembly for the Germans, it is not unlikely that in spite of the prohibition of foreign capital the National Bank promoters may ask for financial assistance from the German agent when he arrives here. He has also suggested that in order to provide against this danger the two banks (English and Russian) should themselves participate in the foundation of the National Bank, and thus acquire the right to participate in concessions for railways and other enterprises in Persia.

Both the Persian Government and the principal bank promoters are indebted to the two banks, and the operation could be merely a book transfer of debts. The objection to making such a proposal is the profound aversion which at present exists here to any form of Anglo-Russian financial enterprise. Another consideration of a technical nature is that the Imperial Bank possesses the only supply of silver available in the country, and that in view of its note monopoly it is essential that this supply of silver (which in consequence of the present rate of exchange cannot be increased) should not be transferred to its rival, the National Bank.

I communicated M. Hartwig's proposal on the 8th March in my telegram No. 49. Not, however, having received any reply to my communication, I have taken no further action in the matter.

I have, &c.
(Signed) CECIL SPRING-RICE.

[11856]

No. 54.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 58.)
Sir,

Tehran, March 25, 1907.

SINCE the fall of the Ain-ed-Dowleh the Government of the country has been nominally in the hands of the Mushir-ed-Dowleh as Sadr Azam. You are familiar with his character. It is not surprising that all parties were discontented with a Prime Minister whose sole policy appeared to be to agree with every suggestion made to him; to promise everything and to do nothing. The immediate cause of his fall was the hostile action taken against him by the Kashan clan, which is now predominant at Court, who wished to secure his place for one of their number, the Vazir Makhsus, Governor of the town. Fortunately for himself the Shah shrank from the unpopularity which he would have incurred by such a nomination. The result is that the post of Sadr Azam is vacant.

I called on the Mushir-ed-Dowleh on the day of his resignation, and expressed with truth my regret at the cessation of our official relations which his Highness' courtesy had always made of the most agreeable nature. He told me that it had become impossible for him to retain office. He had all the responsibility, but none of the power. Those who had the power had no responsibility, and he was determined no longer to shield by his nominal office those who really guided the policy of the Government.

What his Highness meant was that he has consistently recommended to the Shah a temporizing policy with regard to the national movement, and has deprecated violence. It is not impossible that, if he had any real sympathies at all, they are on the side of the Assembly. At any rate his sons appear to have been guided by Liberal principles in their recent action. But such a policy had met with the strong disapprobation of the Shah, who had turned to his unofficial advisers of the Kashan clan, and had preferred to take their advice as far as he dared. The final result was an imperative summons from the Shah to the Sadr Azam to tender his resignation at once. His Highness even intimated to me that he was at one time in considerable danger. I reminded him of the action taken by this Legation on the occasion of the resignation of the Amin-es-Sultan, and said that he could count on my friendly intervention if danger became imminent. He thanked me, but said that he thought that the crisis was over.

With reference to the question of his successor, it is generally believed that the Amin-es-Sultan has been recalled by the Shah, who believes that he alone is capable

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of dealing with the difficulties of the present situation. With regard to his probable policy I inclose an extremely interesting Memorandum by Mr. Churchill.

The Amin-es-Sultan, once the friend of England, became estranged at the time of the Régie incident, when he became convinced that Russia had the real power in her hands. He is undoubtedly regarded with favour by the Russian Legation. The popular party, who very justly look on him as responsible for the policy which has brought Persia to her present condition, are not at all anxious for his return. But it is not impossible that, having consistently been the worshipper of the strongest side, he may come to the conclusion that the sympathies of the popular party are at the present moment worth conciliating, and that he may work for a good understanding between Shah and people. However that may be, he is generally believed to be the one statesman whom Persia possesses, and he undoubtedly enjoys the full confidence of the Shah, who will probably for some time at any rate consent to take his advice.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 54.

Memorandum by Mr. Churchill.

THE Shah has again telegraphed to Amin-es-Sultan to come to Tehran, and I have gathered some interesting facts regarding his relations with the Shah, and his probable political inclinations should he accept the Premiership on his return to Persia from his brother and principal agent Vekil-es-Sultaneh, with whom I had a long conversation to-day, and of which the following is a summary.

Amin-es-Sultan could have come back to office on the fall of the Ain-ed-Dowleh last autumn, but he was advised by his friends not to do so at that juncture, as the popular movement for freedom was at that time only at its commencement, and they foresaw a great many difficulties for those concerned, both in office and in opposition, and thought it better to allow the movement to take its own course, and for the discredit which would inevitably follow to fall on other shoulders. The Mushir-ed-Dowleh was the best man to take the responsibility of office at that critical juncture, owing to his colourless character. It suited the Amin-es-Sultan to watch events and to let the Mushir get the odium with the new Shah of not having been able to cope with the movement, if not of actually having aided it. The Shah was now being told by his Kashi surrounding and other reactionary advisers that the Mushir was responsible for the progress of the movement. This was of course untrue, but the Shah believed it, and in his difficulty turned to the Amin-es-Sultan for help, hoping that he would be able to restore the old order of things.

In considering what action he should take, the Amin-es-Sultan must have attributed some considerable weight to the appreciation of his brother and principal agent on the spot of the situation in Persia. His views, if genuinely related to me, which is of course open to doubt, seemed, I venture to think, remarkably sound. He said considered that the movement was a natural one, and represented a genuine revolt of the people against oppression and misrule. The system of Government, which Amin-es-Sultan had tried when he was in office ineffectually to reform, was a vicious one. The strong took from the weak; those who robbed were in turn robbed; and every one without exception suffered from the system, though those high up in the scale sometimes kept off the evil day, but they were eventually despoiled by more powerful robbers. Amin-es-Sultan had himself suffered from the system. The present movement could not, and should not, be checked. He therefore advised his brother on no account to throw in his lot with the reactionary party, but to make conditions with the Shah before agreeing to return.

The conditions I gathered to be the following:—

1. That he should be granted permission to come back to Tehran, but not summoned to office. He would after careful study of the situation accept office, but on condition—
2. That the Shah should not ask him to take high-handed action with the Assembly.
3. That the Shah should undertake to abide with the Constitution which had been formally granted.

Amin-es-Sultan sent his relative Amin-es-Sultaneh to Tehran with a verbal communication in the above general sense.

His brother was of opinion that the time was now ripe for his return. He should endeavour to bring about a good understanding between the Shah and the Assembly by keeping them both to their respective limitations. The country required at this moment a firm hand to direct it. The Shah was young and inexperienced, and required an experienced adviser. The Mushir-ed-Dowleh was notoriously incapable and insincere, and the Shah took no notice whatever of him. The new element which had arisen in the form of the Assembly was hopelessly in discord through the opposition of the two principal figures in it—Sani-ed-Dowleh and Saad-ed-Dowleh. Besides this, the Mollahs were entirely selfish, and seeing that their own power would be curtailed by the victory of either the reform or the reactionary party they did their best to keep open the breach. It was therefore very necessary for a man of strong personal influence to come between the two parties, and to reconcile their differences, which would be in fact the realization of Amin-es-Sultan's greatest ambition.

As there is every indication of Amin-es-Sultan's return to power in the near future, it may be useful to place on record in an abridged form some of the salient features of his later career when in office and of his subsequent movements.

Amin-es-Sultan's Career.—Born 1854. Appointed Prime Minister by Nasr-ed-Din Shah in 1885 at the age of 31. Dismissed by Muzaffer-ed-Din Shah the 24th November, 1896. Reappointed Prime Minister the 10th August, 1898, and remained in office until the 14th September, 1903. During these five years the Amin-es-Sultan greatly furthered Russian influence in Persia and became very unpopular. He concluded the first Russian loan of 2,200,000*l.* in December 1899, and the second Russian loan of 1,000,000*l.* in 1902. He concluded the Russo-Persian specific Tariff Convention in 1902. The Russian veto on railway construction was renewed for ten years in December 1899 as a condition of the first loan.

The immediate cause of his fall in 1903 was his refusal to make another loan from Russia to pay the expenses of another journey of the Shah to Europe. Just before resigning he drew up a financial reform scheme, but he found it quite impossible to induce the other Ministers to accept the joint responsibility for its adoption. He had an immense personal influence over the late Shah, who in his presence appeared to be hypnotized, and obeyed him like a child. The Shah was induced with great difficulty by the Anderoon and the Ain-ed-Dowleh's party to part with his Grand Vizier. The Amin-es-Sultan left Persia within a few days, and proceeded to the Far East by the Trans-Siberian Railway.

A bull of excommunication was widely circulated in Persia in November 1903. It was supposed to have been issued by the four great Mujteheds of Nejef, and described the Amin-es-Sultan as a "traitor to the faith," and the Mujteheds denounced his "personal baseness, ingrained infidelity, and religious heresy." It was never known whether the document was genuine or not.

The Amin-es-Sultan arrived at Peking at the beginning of November 1903, where he had an interview with Sir E. Satow, but did not discuss politics. He then proceeded to Japan *en route* for San Francisco and Europe, with the object of performing the pilgrimage to Mecca the following February.

At Tôkiô the Amin-es-Sultan conversed on political topics with Sir C. MacDonald and Mr. Griscom, the United States' Minister, who was previously in the same capacity at Tehran. He said he had resigned because the Shah had given him the alternative of doing so or concluding a loan of 20,000,000*l.* [*sic*] with Russia on the severest conditions, including a Railway Concession from the Trans-Caspian border through Seistan to the port of Charbar, and the cession of that port. He posed as the high-principled statesman who preferred to resign rather than be a party to such a betrayal of his country's interests. He was, he said, confirmed in his decision by a remark which the Russian Minister had made to him, that he must accept the fact that Persia would become a Russian dependency like Bokhara. He finally said that he had seen in Manchuria an object lesson of the manner in which Russia extended her ascendancy, and he had recently come to believe that a friendship with England was the only way of securing his country's independence in the future. He asked whether England was his friend, and said he was prepared to pursue an Anglophile policy should he ultimately return to Persia. Sir C. MacDonald was authorized to say in reply that His Majesty's Government regarded him with sincere good-will, and would welcome his efforts to co-operate with us in our attempts to promote the interests of Persia.

The Amin-es-Sultan visited Constantinople in May 1904, and in conversation with Sir N. O'Connor said that nothing could save Persia but drastic reforms, and these could not be introduced without imposing heavy taxation on the people. He attributed their misfortunes to the baneful influence of the clergy. He said he had profited a good deal by his travels in Japan, America, and Europe, and if he returned to power he promised that he would put into practice the lessons he had learnt. He attributed his fall from office to the intrigues of the Russians, who were irritated by the conclusion of the Commercial Agreement with Great Britain and his refusal to conclude a third loan of 2,500,000*l.* from Russia, of which he gave the conditions, which were similar in nature, but different in some details, to those he had enumerated in Tôkiô. He asked again whether he could count on the support and encouragement of Great Britain in the event of his returning to power.

The Amin-es-Sultan paid a private visit to Lord Lansdowne on the 16th June, 1905, when he tried to exonerate himself from Anglophobe tendencies which had been attributed to him. He said he had endeavoured to hold the balance as fairly as he could, and if on one or two occasions Persia had turned to Russia for aid it was because we had not availed ourselves of the opportunities which we might have taken if we pleased. Lord Lansdowne said he fully realized the difficulties of his position when he was Prime Minister, and that he certainly had no desire to accuse him of enmity to us.

The Amin-es-Sultan has continued to live in Europe ever since. He occasionally visited the South of France, Belgium, and latterly stayed in Switzerland. He is probably at this moment on his way back to Persia.

(Signed) G. P. CHURCHILL.

Tehran, March 23, 1907.

[11857]

No. 55.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 59.)

Sir,

Tehran, March 27, 1907.

I HAVE the honour to state that the Zil-es-Sultan, so many years Governor-General of Ispahan, has been deprived of his office in consequence of a popular uprising. The circumstances are as follows:—

At the beginning of the year His Imperial Highness, together with the Chief Mujtehed, Agha Nejefi, possessed complete control over the city, including the lives and property of its inhabitants. But the Agha saw in the popular movement an opportunity for obtaining the monopoly of the Government, secured the nomination of two of his creatures as the representatives of Ispahan in the Mejlis, and organized a local assembly, which immediately began to usurp the functions hitherto enjoyed by the Governor. The Zil-es-Sultan, in order to defend his authority, called attention to acts of scandalous tyranny perpetrated by his former confederate. Agha Nejefi then called in the assistance of his brother, Sheikh Nurulla, who put himself at the head of a popular movement, which was in reality directed against all oppressors alike, but which was for the moment concentrated against the Zil (then absent in Tehran), and skilfully made use of by the priests in order to secure their rival's removal.

The Zil has always been regarded as the friend of England, and in consequence has earned the enmity of the Russian Consul, who, indeed, on one occasion swore that he would shave off his beard (the Consul's most prominent feature), if his Highness returned as Governor. His Highness did, however, return, and announced his arrival in a letter containing a razor. Sheikh Nurulla is closely connected with the Russian Legation, and (according to the Russians' own account), acting on the advice of the Russian Consul, he directed certain of his adherents to take "bast" in the British Consulate-General, in order to force the British Legation at Tehran to take the side of the people against the friend of Great Britain, the Zil-es-Sultan. Mr. Barnham explained to his visitors that he was unable to receive them. The attitude of the mob became so threatening that he was forced to open the gates (which were not strong enough to resist the pressure of a crowd), and the Consulate grounds were forthwith taken possession of by about 2,000 people. Mr. Barnham was placed in a very embarrassing situation, for if he had taken action against his visitors the English missionaries, who were at the mercy of the Agha and his brother, would be certain to suffer. He was

forced therefore to acquiesce in the occupation of his premises, which were of course considerably damaged by the invasion.

This Legation received a number of telegrams from the adherents of both sides, which were duly forwarded through the Sadr Azam to their destination.

I called on the Sadr Azam, and pointed out to him the extraordinary situation in which His Majesty's Legation and Consulate were placed. A large crowd had taken forcible occupation of the Consulate, under threats of violence, and refused to leave unless the Legation took action in a matter in which they had no sort of interest. At the Sadr Azam's request I called on the Chief Mujtehed, Seyed Mahomed, and also on the President of the Assembly. I dwelt on the fact that the inhabitants of Ispahan, although they had their own Representatives in the Assembly, had invoked the aid of a foreign Legation; and also on the danger of allowing the control of Ispahan to pass into the hands of two priests who had, as was well known, on several occasions threatened Christians with massacre and pillage. I said that this was occurring at a time when it was essential to keep the fanatical element in control, and might entail the danger of foreign interference. I found that I was pushing at an open door, as the Mujtehed and the President were both of my way of thinking. Urgent telegrams were sent by the Sadr Azam, the chief Mullahs, and the Assembly, calling on the people to leave the Consulate, and refer the matter for settlement by a Commission in Tehran.

Mr. Barnham appealed directly to the Aghas; but in view of the intensity of the popular sentiment, there was evidently nothing to be done. The Zil was anxious to resign. The Shah thought his resignation would be a bad precedent, and desired to send an officer to administer the town in the Zil's name during his absence. Finally, it was found that nothing but the Zil's resignation would content the people, and the Shah accordingly consented, and appointed the Nizam-es-Sultaneh, who is proceeding to his post at once.

On receipt of the news the refugees left the Consulate. I propose to approve Mr. Barnham's conduct. He appears to me to have acted with great discretion under trying circumstances.

As you are aware, the Zil has for many years been in specially close relations with the British Legation, and has received promises of support from successive Ministers. I inclose copy of the letter which was addressed to him by Sir A. Hardinge in 1901.

As I have already reported, I took such action in his favour as was justified by the undoubted fact (as to which Lord Curzon bears striking witness) that he has uniformly protected the Christian population against the fanatical people of Ispahan and their clerical leaders. I did not urge his retention in the Governorship on the grounds of his friendship to us, although I am assured that representations were made at the Palace against him by Russian agents mainly on that ground.

As he has now lost the Governorship which he has held for fifty years, he is anxious lest the interests of his family in Ispahan, which are considerable, should suffer. He appealed to me for an assurance in this respect, stating that the Russians hate him because of his friendship to us, and that England was bound to see that he came to no harm. I referred his request to you, Sir, and, pending a definite answer, have informed him that His Majesty's Government had not forgotten him.

The disappearance of the Zil, who has played such a part in Persian history, and who is always supposed to be the principal friend England possesses in Persia, is universally cited as a great victory of Russian over English influence. This is hardly the fact, as the downfall of the Zil (like his former fall in 1888) is due to a popular movement brought on by his own tyrannical administration rather than to foreign interference.

At the same time, it must be confessed that his removal from Ispahan leaves the field free for the development of Russian influence in Ispahan, which has always been combated by the Zil in the conviction that Ispahan would ultimately fall under the control of Great Britain; and in this light may be regarded as a serious change in the *statu quo*. It also, I regret to add, removes a guarantee against anti-Christian excesses.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 55.

Sir A. Hardinge to Zil-es-Sultan.

Monseigneur,

Le 12 Février, 1907.

MR. SPRING-RICE m'a montré une lettre par laquelle votre Altesse Impériale et Royale lui demandait, entre autres choses, si les assurances de protection qu'elle avait reçu de mes prédécesseurs, Sir A. Nicolson et Sir M. Durand, au nom du Gouvernement de Sa Majesté Britannique, restaient toujours en vigueur.

Je m'empresse d'assurer votre Altesse Impériale et Royale qu'aucun changement n'est intervenu dans les dispositions à son égard du Gouvernement de Sa Majesté le Roi, et qu'elle peut compter, au besoin, comme par le passé, sur la protection de la Légation de Sa Majesté Britannique en ce qui concerne sa sûreté personnelle et celle de ses augustes enfants. Il va sans dire que nous ne saurions, sans empiéter sur les droits indiscutables du Gouvernement Persan, prétendre garantir à votre Altesse Impériale et Royale la jouissance des hautes fonctions qu'elle remplit à l'heure qu'il est, ni l'appuyer dans tout litige ou autre affaire d'ordre public ou privé à laquelle elle pourrait se trouver mêlée; mais je serai toujours heureux en pareille matière de lui apporter, au cas où elle daignerait l'invoquer, tout le concours compatible avec mes devoirs tant envers mon propre Gouvernement qu'envers celui de Sa Majesté Impériale le Schah.

J'ai, &c.
(Signé) ARTHUR H. HARDINGE.

[11858]

No. 56.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 60.)

Sir,

Tehran, March 7, 1907.

DURING the agitation which forced the Government to dismiss M. Naus, the Russian Minister informed me that he had no Cossack guard in his Legation, and that he had urged his Government to dispatch one at once. About two months ago twelve men arrived from Russia and were accommodated in the Russian Legation, where quarters for upwards of twenty Cossacks with their horses had been constructed in the autumn.

Early in March nineteen Cossacks arrived at Tabreez to reinforce the Russian Consular guards at Tabreez and Urmi, where there is a Russian Nestorian Mission and a number of Orthodox converts.

On the 17th instant, while the Assembly was in session at Tehran, the proceedings were interrupted by the announcement that a large force of Russian Cossacks had arrived in the town. The news spread rapidly. A deputation of merchants and Mullahs waited on the Sadr Azam and demanded an explanation, and a special meeting of the Ministers was called. The same evening the Shah intimated to the Sadr Azam that his resignation would be accepted, and the next day the announcement was made, which much increased the general excitement.

It was rumoured in the town that Russia and England had come to an understanding with the knowledge of the Shah, who was to suppress the Mejlis with the help of foreign troops; that a large Russian force had landed in the north, and an English force was advancing from the south. As a matter of fact, at this precise moment the Seistan Consular guard was being changed, and ten sowars had arrived at the frontier. The correspondent of the "Daily Mail," a gentleman who is under financial obligations to the Russian Bank, and who has been for some time engaged in sending alarmist accounts of the Persian situation, appears to have telegraphed to his paper that English troops were being brought in from the south, and the statement seems generally to have been believed.

I had received no sort of intimation of the approaching arrival of the Russians, but, having ascertained by inquiry that their number was inconsiderable (about twenty), and that they were destined to reinforce the Consular guards at Ispahan and Kermanshah, where there were at the time disorders, I requested Reuter's Agency to telegraph the truth, and to add that no British troops were being landed in the south.

I subsequently received a private letter from M. Hartwig, stating that the total number of Cossacks brought into Tabreez and Tehran was about thirty-six, and that the object of bringing them in had been to strengthen the Consular guards of Ispahan, Kermanshah, Tabreez, and Urmi.

As soon as the facts became known the excitement rapidly died down; but I have since heard that at one time it assumed a very threatening character, and that very strong language was used in the bazaars against the Shah, the Russians, and, indeed, against all foreigners. The leaders of the Assembly and the chief priests used all their influence to put a stop to the excitement, and, as it was easy to prove that the rumours had been greatly exaggerated, their efforts were soon successful.

I consider, however, that the incident is instructive. The Russians were brought here in four days from the time of landing in four wagons with arms, but without horses. The Customs authorities had not been informed, nor had the Persian Government received any intimation. It was generally believed that the Shah alone knew what was intended.

The Sadr Azam told me that the first intimation he had of their arrival was a message from Kasvin. It then appears that the telegraph line from Enzeli to Tehran is not, as far as concerns Persian affairs, in good working order.

It has also been pointed out that, though it is easy to land a small force and dispatch it to Tehran, its arrival at the capital has caused a profound excitement, which might well have led to very serious consequences.

It appears that the rumour has been propagated that the arrival of a Russian force was part of an Anglo-Russian plan for coercing Persia, and that British troops had been landed simultaneously. The result was that the indignation of the public was directed in an equal or even greater degree against Great Britain, and, had disorders taken place, it is quite possible that this Legation would have been equally the object of attack with that of Russia, although with less means of defence.

This consideration leads me to the question of the defence of our Legation and Consulates. I have the honour to inclose a Memorandum on the subject, prepared by Colonel Douglas. The instructions received by Mr. Grant Duff (on the occasion of threatened disorders at Yezd) were that British subjects, if their lives were threatened, should proceed to the coast, which, as Mr. Grant Duff remarked, is several weeks' journey. On leaving London for my post I had a conversation with Sir Eldon Gorst on the subject, who explained to me with reference to this question that, as British subjects had come to Persia for their own pleasure or profit, the British Government could not be considered responsible for their safety, and that they must make their own arrangements in case of danger. I have accordingly, when questioned by British residents as to what steps their Government would take to protect them in case of danger, replied in the above sense.

It appears to me evident that although a guard of twenty-five men would suffice to save a Legation or Consulate in case of a sudden attack, the force would not be sufficient to sustain a siege, even if food, water, and ammunition could be relied on. At the present moment the dispatch of reinforcements would lead to great popular excitement, and I think an attack on the men on march would not be out of the question. I would not therefore recommend the dispatch of additional Consular guards in North and Central Persia.

There are, however, certain measures of precaution of a different character which I have ventured to recommend. His Majesty's Government is not, as I understand, prepared to make any considerable sacrifice in order to defend British lives and property in this country. It might therefore, perhaps, be considered desirable that His Majesty's Government should intimate to the Missionary Societies that in case of an anti-Christian outbreak they should not count on the dispatch of a British force to protect them, and that in consequence they should be careful not to provoke such an outbreak by infringing the local law, which, as they are aware, forbids proselytizing among Mussulmans. At the present moment Mr. Barnham reports from Ispahan that a girls' school, of the existence of which he had not been informed, is conducted by the English Mission at Ispahan, at which girls are taught who were formerly Mussulmans. It is also reported in the press that proselytizing is openly carried on in the mission schools. The effect on popular opinion here is unfortunate, and I consequently ventured to telegraph to you, Sir, to beg your intervention. I have not received the honour of a reply, but will soon have an opportunity of a personal interview with Bishop Stewart, in which I will call his attention to the whole subject.

Another point which I had the honour to submit to you is the following:—

Since the publication of optimistic articles in the British press as to an agreement with Russia, popular feeling here has been deeply stirred. To quote the words used to me by a popular preacher: "I can say no word in the pulpit in favour of England. No one would listen to me. We have always trusted to you to save us from the Russians. We trusted to you the more since you have a Liberal Government with popular

sympathies. Now you say yourselves that you have handed us over to Russia and care no more about us, so proud are you of your new friendship; and you, the free nation, and the Government of freedom, have openly said that you care nothing for the cause of freedom here, and that you will abandon us who have trusted you. And now you who were our friends and the friends of liberty are about to join with our enemies and the enemies of liberty in destroying us and our new liberties, in order to share our property between you and treat our people like a flock of sheep to be divided between two shepherds."

Such are the opinions of this misguided people, and I fear that they may produce a situation of some danger to British residents here. It was from this point of view that I ventured to suggest that the security of the British colony here might be affected by published statements as to co-operation with Russia in coercive measures against Persia. I noticed that a statement somewhat of this nature, apparently based on a communiqué from London to Reuter's Agency, reached Tehran shortly after the date of my telegram in the above sense.

In conclusion I venture to add that I adhere to my opinion that, although there is undoubtedly a strong feeling against foreign interference, political or commercial, in Persian affairs, the leaders of the popular movement, both civil and religious, are determined to use all their influence to prevent any outbreak against the lives or property of foreigners. This, of course, does not apply to cases where, contrary to Mussulman law, Christians have had intercourse with Mussulman women, or have openly attempted to proselytize. In these cases the efforts of the moderate leaders to restrain the populace are not likely to be successful. But should foreign intervention take place, I think there can be little doubt that no further attempt will be made to control the people, and that the consequences may be such as to necessitate operations on a scale both considerable and expensive.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 56.

Memorandum by Colonel Douglas respecting Proposals that have recently been made and Measures taken for the Protection of the Lives and Property of British Subjects in Persia in case of Disturbances.

IN December 1905, owing to the disturbed condition of the Caucasus and the possibility of consequent trouble in the north of Persia, His Majesty's Chargé d'Affaires at Tehran recommended that the question of sending troops to reinforce existing Consular guards in certain eventualities should be considered. The Foreign Office agreed, and instructed him to concert with the Government of India as to the best means of insuring that a force should be available for dispatch in case of emergency, and with the Consul-General at Bushire regarding arrangements for their onward journey from there. This resulted in 140 cavalry being held in readiness to be sent if necessary—50 to Tehran, 50 to Ispahan, and 40 to Shiraz.

In August 1906 somewhat serious disturbances occurred at Shiraz, and an attack on the Imperial Bank was threatened. Preparations were at once made to send a party of thirty-seven men under a native officer from Bushire to Shiraz, and to replace them at the former town by troops from India; but the situation quieted down and they were not sent.

The troops at Kurrachee continued to be held in readiness until January 1907, when the Government of India urged the reconsideration of the whole scheme, partly on account of the difficulties of supply and transport, but chiefly owing to the objections raised by the military authorities to sending small parties of troops about the country at a time when popular feeling was excited. His Majesty's Minister at Tehran concurred, with the proviso that, though troops need no longer be actually held in readiness to move, the military authorities in India should consider the arrangements necessary for the dispatch at short notice of a small mobile column to South Persia in case of emergency.

At the same time that the question of the shipment of troops to South Persia was raised, i.e., in January 1906, it was feared that any disturbances at the capital might spread to Meshed and Seistan, and it was therefore considered advisable to arrange for the support of these places. With this view, at Mr. Grant Duff's suggestion, a double company of infantry (200 men) was sent from Quetta to Robat, and they took

with them additional arms and ammunition for the Consulates at the places named. During subsequent disturbances in Seistan in connection with precautionary measures against plague, our Consulate there was attacked, and it was then considered advisable to bring in the arms and ammunition which were still at Robat, and to increase the strength of the guard by ten men from that post, who were afterwards replaced by a similar number from India. The arms for Meshed have since been sent on there.

In June 1906 Messrs. Ziegler's European agent at Yezd struck a Persian boy who was rude to him. His life was threatened, and he was obliged to leave the town, where a strong feeling against all foreigners was displayed. In reporting this by telegraph, Mr. Grant Duff stated that, in his opinion, the time had come when our Consular guards throughout Persia should be increased. To this Sir E. Grey replied that Consular guards could not give efficient protection in the event of disturbances, and that we could not send an adequate force so far inland. He suggested that, if there was real danger, British subjects should remove to the coast.

In a despatch dated the 17th July, His Majesty's Chargé d'Affaires submitted that Yezd was several weeks' journey from the sea, and that a Consular guard of, say, twenty-five men would reduce the danger of an anti-foreign outbreak to a minimum. This was referred to the India Office, and Mr. Morley stated that, though not convinced of the necessity for immediate action at Yezd, he would be ready to send the Government of India instructions for the immediate despatch of an escort if Sir E. Grey thought that circumstances required such action. On the receipt of a detailed report of the occurrence and of the state of affairs at Yezd, the Secretary of State for Foreign Affairs decided that no action was necessary for the present.

The disturbed state of the Province of Fars during the autumn of last year, the general insecurity of the roads, and the fear of widespread disorders on the death of the late Shah elicited from His Majesty's Consul at Shiraz a proposal to send small parties of troops to protect the telegraph stations between there and Bushire; and a scheme was also put forward for the escort of travellers and caravans by a few sowars to be posted at various points, both along this route and between Bunder Abbas and Kerman, where robberies are of frequent occurrence. In both cases it was considered inadvisable to scatter small parties of two or three men about the country, a course which might easily lead to regrettable incidents and involve action which we wished to avoid.

The net result of the various proposals made is, therefore, that a detachment of 200 infantry is now stationed at Robat, the guard at the Seistan Consulate has been increased by ten men, and a reserve supply of rifles and ammunition is kept there and at Meshed. The difficulties in regard to the supply and transport of troops, should the necessity to send them arise, have been prominently brought to the notice of the military authorities in India, and they have doubtless considered what measures will be necessary if they are ever called upon to send a small mobile column to Persia for the protection of British lives and property.

The whole question is one of considerable difficulty. The present detachments of six or eight men which, except in the East, are attached to Consulates, though sufficient for ordinary purposes and for providing small escorts for officers when travelling, can hardly be considered to afford efficient protection in case of attack by a mob, which must in the present state of Persia be looked upon as a possible contingency. In such a case nothing under twenty men would be likely to be of much use, and if His Majesty's Government think it advisable to provide for the defence of Consulates during the time which must elapse before troops could arrive either from Russia or India, I would urge the reconsideration of the scheme proposed by the Government of India in their Secret despatch of the 7th May, 1903, or some modification thereof. From the military standpoint it has the additional advantage of providing an organization for the Consular guards as a whole, and the consequent better maintenance of discipline.

Should circumstances ever require the dispatch of troops inland for the further protection of British subjects, or possibly the restoration of order locally, there is little doubt that they would best be organized in small flying columns. Such columns should be of a strength of not less than 200, and they should bring at least a portion of their transport and supplies with them.

For many reasons it would seem advisable that the detachment at Robat should remain there for the present.

Tehran, March 21. 1907.

[11859]

No. 57.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 61.)

Sir,

Tehran, March 27, 1907.

I HAVE the honour to transmit herewith a translation of the reply which I have received from the Persian Government to my note on the subject of the alleged Agreement of 1822 with regard to the status of Bahrein.

A copy of my note to which this is a reply will be found in my despatch No. 3 of the 3rd January last.

I have, &c.
(Signed) CECIL SPRING-RICE.

P.S.—A copy of my reply to the present note is also inclosed.

C. S.-R.

Inclosure 1 in No. 57.

Grand Vizier to Sir C. Spring-Rice.

(Translation.)

February 5, 1907.

IN reply to your note of the 5th January last respecting the Island of Bahrein, I have the honour to state that the object of referring to the Agreement of 1822 between his late Highness the Firman Firma of Fars and Captain Bruce was not that the British Government should now say that it has been disavowed. Besides the fact that the Agreement is one which has been made between the officials of the two Governments, and the abrogation of it is not at all known to the Persian Government, who consider it binding, the object of my note was that an officially appointed British officer (all the British officers have always been known for their experience and knowledge) has recognized the right of the Persian Government over the island in question, and given evidence as to the status of the island at that time, testifying to the rights of Persia as an eye-witness.

Even if the Agreement, which had reference to certain measures, had, as supposed by the British Government, been abrogated, that would not settle the matter, and the Persian Government hopes, in view of the justice which is always expected from the British Government, that the latter will not lose sight of the ancient rights of the Persian Government, which had in different cases been recognized by her, and will not refrain from acting in harmony on all occasions.

N.B.—The Persian text of this note is very confused.

Inclosure 2 in No. 57.

Sir C. Spring-Rice to Grand Vizier.

(Translation.)

February 23, 1907.

I HAVE the honour to acknowledge the receipt of your Highness' note of the 5th instant on the subject of the status of the Island of Bahrein.

I note with surprise that your Highness states that the Persian Government know nothing of the abrogation of the Agreement of 1822 between Captain Bruce and the Firman Firma of Fars, and consider it binding.

As you are, of course, aware, no engagement between nations is binding until it has been formally ratified by the proper authorities.

According to the information in my possession, and which is doubtless also to be found in the archives of the Persian Foreign Office, not only was the Treaty disavowed by the proper Representatives of His Britannic Majesty's Government, but His Majesty the Shah refused to recognize its stipulations, and expressed his displeasure that the Prince of Shiraz should have entered into any engagements with the British Government without his knowledge or instructions.

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No. 58.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 62.)

Sir,

Tehran, March 28, 1907.

I VENTURE to submit the following brief sketch of the present situation here:—

The Shah has not developed the statesmanlike qualities expected of him, but has fallen successively under the influence of interested persons. He is now in the hands of a corrupt and greedy coterie of the familiar Persian stamp, who have formed a strong ring at Court and in the Government. His sentiments towards the Assembly are openly hostile; but he has not yet the means of suppressing it, unless he can obtain foreign assistance in men and money. And if it were known that foreign troops had been invited, his personal safety would be compromised and the centre and south would probably break into open revolt. At present he does not dare to act openly against the Assembly, but by bribery and cajolery he is doing his best to undermine it. It is possible that the new guns which have just arrived at Enzeli may furnish him with the means of coercing the people; but I doubt his having recourse to this expedient unless he is confident of the loyalty of the troops.

He is probably receiving covert assistance from the Mullahs, who feel that their own power is in danger, and though in order to keep up their influence they must pretend to favour the popular movement, they know that in the end it will be fatal to themselves.

The Shah has now a Russian doctor who is in constant attendance on him. He and other Russian Agents at Court are apparently urging the Shah to act cautiously against the Assembly, to lean on Russia, and with her help to suppress the popular movement. It does not appear, however, that the Russian Government has held out hopes of an intervention in force at Tehran; and without such a promise the Shah would be rash to take action. He has been advised in this sense by one of the foreign Representatives, who has impressed on him the extreme danger of his present position, destitute as he is of a religious or national sanction of his tenure of the throne, and surrounded as he is with enemies.

The national party, believing that England has now joined hands with the Russians, is looking for other means of assistance. The Governments spoken of as likely to help are those of Germany and Turkey. The President of the Assembly is strongly in favour of Germany.

The power of the Assembly has rather increased than diminished, but the amount of practical work done is small. It has acted as a check on the Sovereign's power and has prevented a foreign loan. It has not yet been able to supply the Government with funds, although it has promised through the National Bank to provide a sum of 400,000*l.* in six months in full satisfaction of all claims against the Government. Unless this sum is paid down the Government may be forced to resort to foreign assistance. The Assembly would prefer to apply to Germany and the Government to Russia. A warning has reached me that the annual instalment on the English loan will not be paid when due.

M. Naus is still here, though he has announced his departure on leave for a year. The Customs Administration is in the hands of a subordinate, and M. Priem, who has lately received a high German decoration, has been recommended for the post of Financial Adviser. He is receiving Russian support, but there is strong opposition in the Assembly.

In the provinces there have been considerable disorders, notably at Kermanshah and Ispahan. At Ispahan a popular uprising fomented by the chief priests expelled the Zil-es-Sultan. The priests have now perceived their error, and are already in negotiation with the Zil to bring about his return. The Russian Consul played a prominent part in these events, and the fall of the Zil is regarded as a blow to British influence.

Without informing the Persian or English Governments, Russia has reinforced the Consular guards at Urmi, Tabreez, Ispahan, and Kermanshah. An attempt was made, but without success, to occupy the district of Tulikapun, which commands the shortest route from the Caspian to Tehran, on the plea that property there had been mortgaged to the Russian Bank. The vigorous resistance of the Assembly made it impossible for the Government to yield.

The policy of the Russian agents here appears to be to press Russian influence

forward with every means in their power, and to encourage the Shah to destroy the popular party, which is the great obstacle in the way of Russian supremacy. A year ago the popular party would have looked to England for help; but this is, of course, now out of the question, and it is to the interest of Russia to induce England to take joint action with her in order to secure the overthrow of the new institutions; for joint action not only increases the pressure which is brought to bear, but makes it impossible for the threatened party to look for English help.

I venture to suggest that in the present state of affairs in Europe, political and financial, it is hard to believe that Russia really desires armed intervention on a large scale in Persia with or without British assistance. But small measures of coercion may well lead to greater ones. And yet there appear to be grounds for the suspicion that the Russian Government, or at any rate its agents on the spot, are in favour of minor measures of coercion, and even of what might be described as a policy of provocation. The question naturally presents itself as to how far this Legation is to co-operate in such a policy, or, in fact, to interfere in any way in Persia, unless such interference is justified on the ordinary principles of the law of nations.

I am uninformed as to the progress of negotiations elsewhere, but, looking at the matter from the Persian point of view, I venture to observe that the time appears near when this Legation must either refuse further co-operation with the Russian agents or enter jointly into an open campaign against Persian national feeling which may well lead to the most serious consequences.

Writing as I must from the purely local standpoint, I venture to express the opinion that it will be quite possible to avoid anything like an open breach with the Russian authorities here if they are given clearly to understand that the friendly co-operation promised by His Majesty's Government does not imply a promise of joint and hostile action against one of the warring factions, and that when His Majesty's Government gave a promise to maintain neutrality that promise implied neutrality as regards one party as well as the other.

I have, &c.
(Signed) CECIL SPRING-RICE.

[11862] No. 59.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 64.)
Sir,

Tehran, March 28, 1907.

WITH reference to the correspondence ending with Mr. Grant Duff's despatch No. 47 of the 27th February, 1906, on the subject of the Urmi murders, I have the honour to transmit herewith a report which has been communicated to me by the American Minister on the death in prison of a man believed to be Mir Ghaffar, who was arrested for complicity in the murder of Mr. Labaree.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 59.

Mr. J. Tyler to Mr. R. Pearson.

Sir, *American Legation, Tehran, March 21, 1907.*

IN compliance with your instructions, I beg to state that I have been to the Palace, and, in company with Hussein Kuli Khan Nawab, the Secretary in the Ministry for Foreign Affairs in charge of American interests, visited the prison where King's prisoners are confined, and saw in the courtyard a body said to be that of Mir Ghaffar, one of the murderers of the late Mr. Labaree, washed and laid out for burial.

After ascertaining that life was extinct, I asked of the official in charge the cause of death and was told diarrhoea, but from the emaciated state of the body I should say dysentery was probably the active cause.

The body was that of a man of about 5 ft. 5 in. high, and apparently 35 or 36 years of age. In life the face must have been decidedly plain—a flat nose and dark, overhanging brow—which in death was almost repulsive. So far these features corresponded with my private ideas of the man.

The inner side of the right thumbnail had been cut away, possibly by a bullet, but as the disfigurement was thoroughly healed, although not under the treatment of a surgeon, I am unable to state how old the wound was. There was also a dark blue mark, about the size of a Persian two-Kran piece, on the left arm above the elbow, but in this case I should not think the flesh had been cut away, as it had more the appearance of a bruise.

The late Dr. Cochran, in a letter dated the 30th May, 1904, states "his (Mir Ghaffar's) left thumb has most of the nail blown off by a bullet shot," but I think it is possible that a mistake may have been made regarding the hand, either by Dr. Cochran, who, I believe, had never treated Mir Ghaffar professionally, and consequently did not speak from personal observation, or the person or persons who reported the defect of the murderer to him may either intentionally or ignorantly have misled him. From the general appearance of the features in death the deduction was natural that in life the man was a dangerous character.

The short extract quoted above from Dr. Cochran's letter was the only information I had to guide me in my examination, and the results showed the difference only in the hand. The officials assert and asseverate that the body was that of the murderer, and without committing myself to more than a presumptive opinion, I think it highly probable, if not demonstrative, that it was.

I am, &c.
(Signed) J. TYLER, *Interpreter.*

[11863] No. 60.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 65.)
Sir,

Tehran, March 28, 1907.

I BEG to inclose a Memorandum drawn up by Mr. Churchill on the proceedings of the Persian National Assembly.

I venture to draw special attention to the financial reforms, particulars of which are inclosed therein.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 60.

Summary of Proceedings of Persian National Assembly from February 28 to March 28, 1907.

Thursday, February 28.—The proposed loan by the National Bank to the Government was discussed. The account of immediate payments to be made was submitted to the members and amounted to 829,000 tomans, but was subsequently increased to 879,000 tomans, composed as follows:—

| | Tomans. |
|---|---------|
| Refund of temporary advance from banker (Toumaniantz) | 350,000 |
| Army | 229,000 |
| Pensions | 100,000 |
| Foreign Office | 100,000 |
| Court expenses | 100,000 |
| Total | 879,000 |

During the debate the Ministers in office were more than once referred to as "those thieves," the Minister of War being particularly the object of dislike.

The Finance Minister's proposal for financial reform was discussed, and it was agreed that the reform should be carried out on scientific lines (see the 21st February).

Saturday, March 2.—The sitting was devoted to a discussion of the National Bank project and the loan required by the Government.

Sunday, March 3.—The sitting was held with closed doors. The subjects under discussion were the troubles which had arisen at Resht and Kazvin in connection with the elections. The Minister of the Interior was present and it was decided that two Commissioners should be sent, one by the Assembly and one by the Government,

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to investigate and report. Later in the day the President and some of the Deputies went to the telegraph office and sent reassuring messages to Resht and Kazvin with the object of calming the people.

Tuesday, March 5—The proceedings at this sitting were of a most disorderly character. The President and about thirty members had subscribed to the oath of allegiance as laid down in the Constitution, in which the following passage occurs:—

“We, who have signed below, invoke God as our witness, and take oath on the Koran, that so long as the rights of the Assembly and the members of the Assembly are protected and carried out in accordance with these Regulations we will carry out the duties intrusted to us”

Saad-ed-Dowleh, the Leader of the Opposition or Extremist party, maintained that, as the Constitution required modification, the above passage should be modified. He therefore refused to take the oath, and brought about a demonstration among the spectators. He left the House, and after a short conversation with a certain Mirza Ahmed Khan, a notorious disturber of the peace, returned to his seat. Mirza Ahmed Khan then joined the spectators and cried out loudly that the members who signed the oath were traitors. The result was that the spectators made a rush for the members and in the scuffle the document was destroyed. The confusion was intense, but Saad-ed-Dowleh had attained his end.

Thursday, March 7.—Though there had been some talk of the President resigning on account of Saad-ed-Dowleh's action, it was eventually resolved to make a second attempt to take the oath. The two chief Mujtcheds, with the Koran before them, administered the oath to the different members in turn. His Majesty's Minister was present, and there were many spectators who probably anticipated another scene. Saad-ed-Dowleh, however, decided to submit to the inevitable and took the oath.

It was suggested by one of the members, in a remarkably good speech, that a telegram of congratulation should be sent to the new Russian Duma, and was unanimously agreed to.

The telegram which was subsequently drawn up ran as follows:—

“La Chambre des Représentants de Perse s'empresse d'exprimer ses plus vives félicitations à la Douma à l'occasion de son heureuse ouverture. L'esprit libéral qui anime les deux Assemblées étant le même, et tous les peuples qui cherchent à se frayer une voie de justice étant frères, la jeune Chambre Persane est heureuse de former ses vœux les plus sincères pour la réussite de sa sœur aînée, et d'unir sa voix à la sienne pour crier ‘Vive la liberté des peuples, vive la justice.’”

At this period the demonstrations had already begun at Ispahan against the Zil-es-Sultan, and the Assembly began to receive urgent telegrams from Ispahan demanding their assistance in obtaining the dismissal of the Zil-es-Sultan, to which they replied that they would do their best if the people opened their shops and resumed their business.

Several papers having appeared at Tehran of late in which articles of a very democratic, if not actually revolutionary, tendency appear, the Government attempted a censorship. The Assembly in consequence made a strong protest.

Saturday, March 9.—The draft contract between the Government and the National Bank was read (Inclosure No. 2), and it was decided to discuss it the following day with closed doors.

The Ispahan members read a number of telegrams from their constituents insisting upon the dismissal of the Zil-es-Sultan and describing the situation there. A grocer, who occupied a seat as representative of his Guild, said that no man having property in a province should be appointed to govern it and proposed that a law should be passed to this effect. The House unanimously agreed to this, and it was decided to put the proposal into effect.

The Foreign Minister was interpellated with closed doors respecting the Seistan boundary question. Yamin Nizam was present and the McMahon boundary and water Award were discussed. The Foreign Minister explained that the former had been agreed to by the Persian Government, but the latter had not.

Sunday, March 10.—The sitting was held with closed doors. A large number of persons had in the meantime taken refuge at His Majesty's Consulate-General at Ispahan. His Majesty's Legation was therefore brought against its will into the question of the grievances of the Ispahan populace against the Zil-es-Sultan. As the

matter was to be again discussed by the Assembly, one of the members was privately furnished with the views of His Majesty's Minister on the subject. He made a statement to the House without mentioning his authority. He stated that the British Minister, he had reason to believe, had officially protested against the way His Majesty's Government had been brought into the matter. They had no objection whatever to the Zil-es-Sultan, who had always kept good order in Ispahan. The clergy there had organized a demonstration and told his men to take “bast” in the British Consulate by force. When the Consul objected, he was told that an attack would be made on foreigners if the refugees did not obtain their desires. This was a very dangerous proceeding. It brought foreigners into Persian domestic affairs. It was, moreover, an insult to the Assembly, which is the rightful representative of the people, whose demands should be made through the Assembly, and not through a foreign Representative. In consequence of this statement, telegrams were immediately sent to the principal priests of Ispahan to remove the people in “bast” at the British Consulate and to send them to the mosques.

Tuesday, March 12.—In consequence of representations made to the Assembly by the head of the Russian section in the Foreign Office, at the request of the Russian Legation, a telegram was sent by the Assembly to the Tabreez Local Council deprecating all interference with matters relating to foreigners, with especial reference to the district of Urmia.

The affairs of Ispahan took up a good deal of the Assembly's time. The refugees remained at the British Consulate and continued to send telegrams hourly. The House rose at 6 P.M., but only to reassemble with closed doors to discuss the National Bank project. A Government Representative was present, and an agreement seemed to have been arrived at on all cardinal points, and it only remained to sign the documents.

Thursday, March 14.—The Ispahan merchants in Tehran closed their shops and came in a body to the grounds of the Assembly. They addressed a letter couched in very threatening language to the Grand Vizier, demanding the instant dismissal of the Zil-es-Sultan. The letter was sent on by the Mushir-ed-Dowleh to the Assembly. The President proposed a second reading of the Municipality Regulations, but the Ispahan members would not allow it, and proceeded to read telegrams they had received from Ispahan.

Saturday, March 16.—The National Bank Loan negotiations having been concluded, the question was put to the vote and agreed to unanimously. Two contracts were read: the Loan Agreement and the Current Account Agreement.

It was announced that the Shah had dismissed the Zil-es-Sultan from the Governorship of Ispahan, and that Nizam-es-Sultaneh had been appointed in his place.

Sunday, March 17.—A difficulty having arisen in connection with the National Bank Loan, the matter was again put to the vote, and the documents were read and agreed to. The Shah asked the Assembly, through the Grand Vizier, to investigate the account of the Malek-et-Tujjar, and a Committee was appointed for the purpose.

During the sitting a report reached the House that about fifty Russian Cossacks had arrived in Tehran from Resht. This created considerable sensation among the spectators.

The Sadr Azam was dismissed from office that evening.

Tuesday, March 19.—The disturbances at Kermanshah over the elections, which had resulted in bloodshed, were discussed. The President said that he had attended at the Palace that morning, and that the matter was receiving the serious attention of the Government.

The Report of the Finance Committee of the House was read. It contained the following recommendations:—

1. That the difference of revenue between that registered in the Government books and that actually exacted by the Governors, should be paid into the Treasury; that the Governors should receive salaries; and that the collection of revenue should be taken out of the hands of the Governors and undertaken by Agents of the Finance Ministry, under the supervision of the local Councils.

2. That the sum of 30,000 tomans, which at the instance of Assef-ed-Dowleh, late Governor-General of Khorassan, had been set aside for pensions, out of the 80,000 tomans increased to the taxation of Seistan, Kain, and Kouchan, should not be paid to the persons designated, but to the Treasury.

3. That the revenue should be collected in kind and in cash, and that the portion

payable in kind should not, as has been the custom hitherto, be calculated at a fictitious rate and paid in cash.

These proposals were unanimously agreed to, and, after some discussion, a fourth Article was added, as follows:—

4. That the system of fiefs should be abolished. The system of giving land in lieu of pensions was generally condemned, and it was agreed that the principle should be abolished.

During the course of the morning a special meeting was convened by the President to discuss the questions arising from the resignation of the Mushir-ed-Dowleh and the arrival of the Cossacks. A Deputy was sent to the Palace to request an audience for Sani-ed-Dowleh (the President), and Saad-ed-Dowleh (the leader of the Opposition), and a letter was addressed to the Foreign Minister respecting the Cossacks. The Shah, in reply to the deputation, said that the Mushir-ed-Dowleh preferred to resign rather than accept the post of Minister of the Interior which His Majesty had offered him, as he did not think that a Grand Vizier was necessary at that moment. The eight Ministers in office would present themselves to the Assembly at their next sitting and would accept full responsibility for their respective Departments.

When the question of the Cossacks was raised in the course of the afternoon sitting, the matter was lightly dismissed as not worthy of notice.

Thursday, March 21.—The new Cabinet attended the sitting. The only changes were in the Ministries of Justice, Commerce, and Education. The following is a list of the Ministers:—

| | | | | |
|--|-----------------------------|----|----|----------------------|
| Minister of the Interior and Head of the | Cabinet | .. | .. | Vezir Afkham. |
| „ | War (sent a representative) | .. | .. | Naib-es-Sultaneh. |
| „ | Foreign Affairs | .. | .. | Ala-es-Sultaneh. |
| „ | Finance | .. | .. | Naser-ul-Mulk. |
| „ | Justice | .. | .. | Farman Farma. |
| „ | Education | .. | .. | Mukhber-es-Sultaneh. |
| „ | Commerce | .. | .. | Vezir Homayun. |
| „ | Mines, Roads, &c. | .. | .. | Mohandis-el-Mamalek. |

Saturday, March 23.—The number of members present was ninety, being the largest total recorded so far. The Customs and Postal employés at Tabreez having struck some days before, declaring that they refused to act any longer under the orders of their Belgian Chiefs, telegrams were read by some of the members from Tabreez on the subject. The Assembly decided that the complaints of individuals could not properly dealt with by them at their general sitting, but that a Committee of twelve persons would be appointed to investigate all personal complaints. In the meantime, the grievances of the Tabreez officials would be referred to the Government. Saad-ed-Dowleh, in this connection, brought up the question of the right of Russia, under her loan contracts, to support the Belgian Administration. He said that the loan contracts should be submitted to the House and carefully studied, as the nation was under the obligation of paying off those debts. He did not think that the Persian Government had pledged themselves to keep the Belgian Administrators until the debts were extinguished. He availed himself of the opportunity to express his high opinion of the Russian Minister, whom he described as a sincere friend of the Persian nation. This matter was then dropped and the financial question was raised. Saad-ed-Dowleh immediately intervened, remarking that it was quite useless to pursue financial questions in the absence of the Finance Minister. Saad-ed-Dowleh was thereupon accused of invariably and wilfully placing obstacles in the way of the Assembly and of endeavouring to impede their progress. Considerable disorder ensued.

Sunday, March 24.—The debate on financial reform was again resumed. The first proposal of the Finance Committee, as read on the 19th instant, was voted upon and carried by a majority of 68 to 4; 12 members did not vote. It is hoped that by the reform the Treasury will benefit to the extent of about 2,300,000 tomans a-year, and that the ratepayers will only be called upon to pay the legal taxes, and not be fleeced as hitherto by the local Governors. The deficit of the Budget was said to be about 3,000,000 tomans, and it is hoped that through the suppression of fiefs, and the exchange of taxes payable in grain into cash, which is always done at a very low rate, a saving of 2,000,000 tomans will be effected. It was proposed to make up the balance by a reduction, or in some cases a total suppression, of certain pensions.

Tuesday, March 26.—Saad-ed-Dowleh resolved on Monday to resign his seat in consequence of the demonstration made against him on the 23rd instant. He even sent in his resignation, but was induced, after considerable difficulty, to withdraw it. The general opinion is that he is not sincere to the cause.

On the resumption of the financial debate the question of the suppression of fiefs was put to the vote and carried by a majority of sixty votes. The payment of taxes in kind and in cash, without the option of turning into cash those payable in kind, was also agreed to by a large majority. Finally, the grant of pensions to the extent of 30,000 tomans out of the increased taxation in Seistan, Kain, and Kouchan was voted upon and declared abolished by a majority. The proposals of the Finance Committee as submitted to the House on the 19th instant were therefore all carried.

A telegram from Resht was read to the effect that the people refused to pay taxes, on the ground that they were no longer called upon to do so in accordance with the terms of the "Constitution." This gave rise to some merriment, and a suitable telegram was drafted in reply. It was, however, generally agreed that the case had been misrepresented by the Governor.

The Saad-ed-Dowleh attended the sitting, but took no part in the debates.

Although the National Bank scheme has passed the House, there seems still to be some difficulty in putting it into effect. It is understood that the funds are not all forthcoming, and a deadlock has been reached.

Inclosure 2 in No. 60.

Draft Contract and Agreement between the Persian Government and the National Bank.

(Translation.)

1. To lend 2,000,000 tomans.
2. The National Bank, with the approval of the National Assembly, agrees to advance to the Government 2,000,000 tomans, to be expended on Government requirements with the approval of the Assembly.

The Assembly, having approved of the advance of 900,000 tomans to be paid to the Government on stipulated terms, the bank will now advance 900,000 tomans.

The balance, 1,100,000, will be subject to the production by the Minister of Finance of a suitable account of the balance of Government expenditure for the year "Yuntil," showing all the sums due by the Government to pensioners and Government officials.

After the production of this account the Assembly will have to approve it, in which case either (1) the bank will pay out of the above sum 600,000 tomans against Government bills to those persons to whom money is due, and will collect 500,000 worth of receipts for moneys due to the people and give them shares in the bank in exchange and charge the same to the Government; or else (2) the bank will pay the whole balance of 1,100,000 tomans in two years in sixty equal instalments to the Government against their drafts.

3. Interest is at the rate of 9 per cent. per annum, and will be calculated from the date of advance to the date of repayment, but after three years the sum of 250,000 tomans will be paid by the Government on account of principal and interest until the principal of the debt be paid.

4. The source from which the yearly repayments on account of principal and interest will be drawn will be the customs of the south.

5. On the general revenues which are paid into the bank 1 per cent. commission will be charged upon the first 6,000,000 tomans; from 6,000,000 to 12,000,000 tomans (i.e., on account of the second 6,000,000 tomans), $\frac{1}{2}$ per cent. will be charged; on any further sums $\frac{1}{4}$ per cent. will be charged.

Should any sums be placed on deposit by the Government with the bank in current account $4\frac{1}{2}$ per cent. interest will be allowed. Should the Government overdraw their account with the bank, 9 per cent. interest will be charged.

The stipulations of Article 5 will hold good for five years, and will afterwards be renewed by mutual agreement.

6. Should the Government require to borrow from the bank any sum in excess of

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one-fifth of its capital, it can be done according to the necessities of the time by mutual consent.

7. The transfer of Government funds from one place to another will be at Government expense.

8. For the present, after the payment of the present loan, no drafts must be made on the bank in excess of such sums paid into it.

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No. 61.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 15.)

(No. 66.)

Sir,

Tehran, March 28, 1907.

I HAVE the honour to transmit herewith the monthly summary of events in Persia which have not been recorded in separate despatches.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 61.

No. 4.—*Monthly Summary.*

NORTHERN PERSIA.

Tehran.

THE Zil-es-Sultan was dismissed from the Governorship of Ispahan on the 16th instant, and Nizam-es-Sultaneh was appointed to replace him. The people who had taken refuge at His Majesty's Consulate-General in Ispahan, however, refused to leave before the fact of his Highness' dismissal was notified to them by the Tehran Assembly. The Zil-es-Sultan proposes to travel in Europe in a few weeks' time.

The Sadr Azam was dismissed on the 17th instant. The Kashis were too strong for him, and made the Shah believe that all his present troubles were due to the Prime Minister's weakness, if not actually to his leaning to the National cause. The Mushir-ed-Dowleh left the following day for his country house, and proposes to go to Europe shortly. His eldest son, Mushir-ul-Mulk, is no longer Minister at St. Petersburg, and will accompany his father in honourable exile. The younger son, Motamin-ul-Mulk, will remain at Tehran.

The new Ministry is composed of eight members, including three new ones. The Farman Farma, Vezir Homayoon, and Mukhber-es-Sultaneh; the latter is a brother of President of the Assembly, and accompanied the Amin-es-Sultan round the world. The new Cabinet presented themselves to the Assembly on the 21st instant, when Vezir Afkham, the Minister of the Interior, read the Shah's Rescript, placing the whole administration of Government under eight responsible Ministers, as follows:—

| | | |
|------------------------|----|----------------------|
| Ministry of Justice .. | .. | Farman Farma. |
| .. Foreign Affairs .. | .. | Ala-es-Sultaneh. |
| .. Interior .. | .. | Vezir Afkham. |
| .. Finance .. | .. | Naser-ul-Mulk. |
| .. War .. | .. | Naib-es-Sultaneh. |
| .. Education .. | .. | Mukhber-es-Sultaneh. |
| .. Public Works .. | .. | Mohandis-ul-Mamalek. |
| .. Commerce .. | .. | Vezir Homayun. |

Under each Ministry a list of the subordinate Departments appeared. The Ministry of Finance was placed at the head of the Customs, the Crown lands, the Mint, Pensions, &c. The Ministry of the Interior included Police, Municipality, the Telegraphs and Posts, and so on.

The Shah has again telegraphed to the Amin-es-Sultan, who is still in Switzerland, to come to Tehran. He will probably be at first appointed Minister of the Interior, and then take his place at the head of affairs as before.

M. Priem has been given the title of "Conseiller des Finances." The Postal Administration has been given to Moavin-ed-Dowleh now that Vezir Homayun has been appointed Minister of Commerce. Vezir Makhsus, Governor of Tehran, has been appointed Minister of the Court in the place of Ala-ed-Dowleh.

The new Governor of Resht, Sepahdar (better known as Nasr-es-Sultaneh), borrowed 140,000l. from the Russian Bank, against which he mortgaged, or at any rate engaged to hand over the produce of his lands in a district known as "Mahal-i-Saliseh," north of the Elburz mountains, between Mananderan and Ghilan. The villagers lately revolted against their landlord and Governor; and the Russian Legation took the matter up on behalf of the Russian Bank. An official note was addressed by the Russian Legation to the Foreign Office, saying "if you are not in a position to protect the Sepahdar, we will." The district being easily accessible by sea, the Russians are in a position to give effective support to their protégé. In the meantime Sepahdar has been dismissed from the Governorship, and Prince Motamed-ed-Dowleh has been appointed to succeed him.

On the 20th instant the artillery in Tehran struck, and arrested Shahzadeh Mudir, their Chief, on the ground that their salary was long overdue. Majd-ed-Dowleh, in command of the artillery, sent his son to make investigations on the spot, but he fared no better, and was also put under arrest. A squadron of Shahseven horsemen soon afterwards took refuge in the Artillery Square, near the guns, declaring that they had not been paid for fifteen years. After protracted negotiations and many promises on behalf of the authorities, they consented to leave the asylum of the guns, and the gunners consented to give up their hostages.

A remarkable document was submitted to the Assembly by the Minister of Finance at one of the sittings. It purports to be an account up to date of the Government expenditure. The total—which, however, does not agree with the detailed account—shows a balance of 3,232,593 tomans outstanding.

The following are some of the details:—

| | Tomans. |
|---|---------|
| Princes, servants of harems, eunuchs, &c. | 315,405 |
| Omera, Kajar Khans, and other Khans | 116,725 |
| Omera and Ministers | 77,446 |
| Scribes, Moonshis, &c. | 67,767 |
| Foreign Office, Diplomatic Corps, &c. | 422,996 |
| European and Persian doctors | 54,472 |
| Colleges, &c. | 49,380 |

The total, according to the details given, comes to 3,481,366 tomans, which purports to be the total outstanding deficit up to last "Norouz," i.e., the 22nd March, 1907.

The Assembly, on the 16th March, passed the following Bill with the object of settling the above account:—

"The National Assembly approves that all the debt of the Government on account of the yearly statement up to the end of 'Yunt-il' (1906–1907) shall be settled and closed by his Excellency the Minister of Finance by the sum of 2,000,000 tomans borrowed from the National Bank . . . on condition that in all cases of Government indebtedness due observance should be made of the importance or necessity of the expenditure and the rights of those having claims, in such a manner that immediate and pressing expenditure and the rights of those having claims should all be settled, and the shortage should be a reduction in accordance with equity and justice from the claims of those persons; and a statement of the manner in which the sum is divided should be submitted to the Assembly."

News was received in Tehran on the 26th instant of the murder of an Armenian Russian subject at Sabzevar, in Khorassan, by a fanatical mob, on the ground that he had had unlawful relations with a Mussulman woman. It is reported that the woman was also seized and murdered, and that the bodies of the two were subsequently burned publicly. This is an unfortunate incident at the present juncture.

Tabreez.

The murder of the German subject at Soujboulak is fully reported upon by Mr. Wratislaw in his despatch of the 20th February, in which he says that the victim was a Mr. Dammann, a young German who was living there with a German Lutheran

missionary named Von Oertzen for the purpose of studying Kurdish dialects. On the night of the 15th February a party of Kurds broke through the wall surrounding the house, and three of them forced the front door and entered the first room, which was occupied by M. Dammann. After murdering him they proceeded to the room of a German lady missionary, and forced her to guide them to the bed-room of M. and Mme. Oertzen. The couple were awakened by blows from the Kurds' rifles, and, on M. Oertzen shouting for help, he received a dagger-wound on the head. He and his wife then handed to their assailants all the money and valuables in the room, and the latter left the house. M. Dammann was found crouching dead in a corner of his room in a terribly mutilated condition.

The Customs and Postal employes went on strike about the middle of March, and for some time no business could be transacted at either Department.

In commenting on the demonstrations of February last, Mr. Wratislaw says that the bazaars were reopened on the receipt of a telegram of the Azerbaijan Deputies at Tehran to the effect that, "thanks to God and the patriots of the country, particularly the high-minded inhabitants of Tabreez, a Decree has been issued which confirms and perfects the principles of the Constitution." The population did not show any particular alacrity in opening their shops, and their leaders found themselves under the painful necessity of deceiving the public regarding a foreign guarantee of the Shah's fresh promises, and the name of His Majesty's Government was in some instances taken in vain in this connection. It became subsequently known, however, that the Shah's undertaking to establish a fully Constitutional Government was unsupported by any foreign indorsement. Next to the admirable way in which order was preserved throughout, the most striking point in the movement was the detestation and distrust of the Shah universally manifested. His Majesty can apparently count on the loyalty of no section of the population of Tabreez, and the conflicts of local interests and the personal rivalries, which were previously reported, were at once dropped when necessity arose for uniting against the common enemy. Preachers in the mosques publicly advocated the dethronement of the Shah, and the desirability of this step was a common topic of conversation in the town. The one thing which held back the less unthinking members of the community was the fear of Russian intervention, of which Azerbaijan would naturally have to bear the brunt. There is no doubt that Russian Mussulmans at Tabreez constantly urge the inhabitants to more violent action against the Government, and their influence is to be observed in many ways, including the display of red flags during the disturbances.

It was reported at Tehran that a large force of Cossacks had been mobilized at Julfa. This is not entirely accurate. Steps are being taken to build barracks at Julfa for 6,000 men, but in the meantime Erivan, which is only a day's journey by rail to Julfa, is the nearest place from which a large body could be sent.

Resht.

There have been troubles at Resht over the elections, but not of a serious nature. The new Governor Sepahdar, who arrived at his post on the 18th ultimo, lately telegraphed that the people refused to pay taxes on the ground that they were not called upon to do so under the new Constitution.

A local Assembly has been formed, but great confusion was caused by the formation of Opposition Assemblies. The matter was referred to the Tehran Assembly which eventually decided to send a special Deputy to help to constitute the Resht Municipal Assembly, to help the electors and to watch the elections.

Meshed.

It is reported that a number of "fedavis" or members of a secret association have reached Meshed from Tabreez bringing a number of bombs.

The leading men of Meshed have agreed to resist the expected extortions of the new Governor-General. In case of any member being wronged, every one will take sanctuary. There is, generally speaking, a feeling of liberty in the air.

A local Assembly was formed on the 27th February, not without some disturbances.

Major Sykes writes that "M. de Klemme (the Russian Consul-General) like myself, anticipates trouble when the Rukn-ed-Dowleh (the new Governor-General)

displays his remarkable ineptitude. The Rukn-ed-Dowleh owes a large sum of money to the Imperial Bank which he has made no arrangements to pay. His Majesty's Legation was in consequence obliged to make representations on the subject to the Persian Government and his Highness' departure for Meshed has in consequence been delayed.

The Karguzar told Major Sykes that the charge against the late Governor-General of selling Persian girls to the Turcomans was utterly untrue. He said that the Kurds of Buynurd had habitually carried on this traffic with the knowledge of the Governor of Buynurd who gave the profits to his wife as pin-money. As the Assed-ed-Dowleh wrote very strongly to stop this traffic, he will, Major Sykes hopes, easily clear himself of such an odious charge.

Thirty-five Tabreezi Turks, now in Meshed, have bound themselves by oath to devote their lives and property, at all risks and costs, to the obtaining of political liberty for Persia.

The local Assembly, which subsequently turned into a "Town Council," is by no means free from internal disaffection. The clerical and mercantile elements in it have shown much animosity. On the 11th March an excited scene occurred. The clericals tried to silence the merchants. The latter replied that there were many things the priests knew nothing about. A mollah responded hotly that there was nothing the religious leaders of the people were not fully competent to deal with. Whereupon a number of the merchants left the Council-room.

All the officials and dependents of the Shrine, with the exception of one member who is the leading Meshed reformer, have sent a Memorial to the Shah representing that the Mujteheds mollahs and Seyeds of the Shrine, who are the rightful descendants and successors of the great Iman, are not disposed to submit to any National Assembly or any other authority other than that of the Shah himself. They are therefore entirely at his service in any movement he desires to undertake against the Constitutional party. This may alter the decision of the Shah to appoint Hajji Sheikh-ur-Reis, one of the leading spirits in the reform movement at Tehran, as chief guardian of the Shrine. It is not unlikely that the Memorial was got up for this purpose.

"The religious rulers of the people of Meshed," writes Major Sykes, "are really reactionary to the core. They have hitherto taken a part in the formation and deliberations of the local Assembly, not out of any sympathy for reform, but merely in order to try and control a popular movement which they could not check, and which they feared would otherwise develop independently of them and perhaps end in the destruction of their power. This power of the priesthood over the minds of all classes of Persians, constituting the great hindrance to progress, has its stronghold in Meshed." It may, however, be noted that no such power exists in Tehran.

A signaller of the Indian Telegraph Department having concluded a journey of inspection all along the Meshed-Seistan telegraph line, sent in his Report dated the 23rd January, a copy of which has been sent direct to the Government of India. His conclusions are that the Russian officials along the line are in the habit of tapping messages, and he makes certain proposals with the object of checking the practice.

Turbat-i-Hayderi.

Captain Iyass, the Russian Consul, has apparently been reprimanded for his excessive zeal which manifested itself in pronounced hostility to British interests. He stated that at the end of January that he would shortly leave the country, but later on expressed regret that he would not be allowed to go for some time.

CENTRAL AND EASTERN PERSIA.

Ispahan.

The movement, which was directed by Agha Nejefi and Sheikh Norullah, and aimed at the dismissal of the Zil-es-Sultan began on the 7th March, when a large crowd invaded the Persian telegraph office, and another excited mob took refuge at His Majesty's Consulate-General. The Zil-es-Sultan was dismissed on the 16th instant, and a few days later the excitement at Ispahan subsided. In the interval Mr. Barnham had to deal with refugees to the extent of nearly 3,000 persons. With

regard to the cause of the demonstration Mr. Barnham writes: "Those responsible, are in the first instance, no doubt, Agha Norullah, for the mollahs, then Haji Mohammed Hussein Kazerooni for the merchants, and probably the Russian Consul-General. Haji Mohammed Hussein has a large sum of money to receive from the Zil-es-Sultan and apparently thinks he will have more chance of recovering it if his Highness is not Governor here. His chief clerk is the Adib-et-Tujjar, Member for Ispahan in the National Assembly, and now in active telegraph communication with the people. The attitude of Prince Dabija (Russian Consul-General) to the Zil-es-Sultan has always been hostile, but since these troubles began, he has not cared for one moment to conceal his animus. One of the first Seyeds who took "bast" was the proprietor of the "Jenab" newspaper, formerly known as a spy of the Russian Consulate. I have also in mind two other men now in the garden who are in constant relations with Prince Dabija."

Yezd.

Writing on the subject of the murder of the Parsee merchant, Parviz Shahjehan, the British Vice-Consul at Yezd on the 17th ultimo says: "On the 13th instant, between 6 P.M. and 7 P.M., Parviz Shahjehan, head of the Parsee firm of Shahjehan Brothers, was shot by someone at present unknown when returning from the bazaar, and he died the next day." His life had been threatened the previous November. The murdered man had financed Mushir-ul-Mamalek, who was Vizier to the ex-Governor Moayed-ed-Dowleh, now Governor-General of Fars. A few days before he was killed the murdered man had a stormy interview with Mushir-ul-Mamalek concerning their accounts. There are some other facts which tend to throw suspicion on Mushir-ul-Mamalek as the instigator of the murder, and on a young man named Ferrukh as the murderer. The British Vice-Consul writes: "I doubt if the local authorities are doing anything to find him (the murderer)."

Seistan.

The administration of the Deputy Governor, Mohammed Reza Khan, the eldest son of Heshmet-ul-Mulk, cannot be said to have begun well. A serious charge of rape has been brought against him by a man of Kain (Seistan diary of the 9th February) whose daughter he enticed into his house. He has cruelly beaten another man brought before him on a frivolous accusation.

A Memorandum on the Heshmet-ul-Mulk and his family is inclosed.

The Russian telegraphist has again got into trouble owing to the capture for the second time of a Seistani woman in his house. The Deputy Governor spread a report that the woman had been found in the British Consulate.

About the middle of February about sixty families of Afghans came to Seistan from Garmsel to settle in Persian territory.

The Consulate escort has suffered a great deal from sickness attributed by the medical officer to the insanitary condition of the lines.

The Russian Dragoman, M. Dental, was very ill, and was believed to be dying of consumption. His Majesty's Consul tried to arrange to get him examined by Captain Kelly. Unfortunately, owing to the Russian's treatment of Captain Kelly during the plague time, the latter knows none of them personally. The Russian doctor is apparently incompetent.

Inquiries have been set on foot respecting the MacMahon boundary and misrepresentations have been made on the subject by a certain Mullah Mehdi in reply to inquiries on the part of the Minister for Foreign Affairs.

Kerman.

The ex-Governor of Kerman, Prince Farman Farma, has been appointed Minister of Justice. His son, Nosret-ed-Dowleh, succeeds him as Governor of Kerman. Farman Farma has not yet paid a call on His Majesty's Minister, and evidently expects His Majesty's Minister to call first.

Shiraz.

A league called the "Anjumen-i-Islam" (Moslem Community) has been formed composed of 500 of the clerical, mercantile, and other classes, and have taken oath to support the Constitutional Assembly with their lives.

The Kavam-ul-Mulk has returned to Shiraz, and has taken over the Government of the Province, appointing his second son Commander of the Forces. He has paid the Government 100,000 tomans for permission to return to Fars, and the amount is being remitted in instalments through the Imperial Bank.

A Seyid lately passing along a street shouted "Long live Freedom," and punctuated his patriotic cry by sticking a knife into one of the pupils of a Jewish school passing near him.

Bushire.

The report is fully confirmed that M. Naus brought about the dismissal of the Darya Beggi from the Governorship of the Gulf ports and the appointment of Saeed-es-Sultaneh. M. Naus attributed the hostility lately shown to the Bushire customs by the native public to the Darya Beggi, and even accused him of smuggling on a large scale. The new Governor is M. Naus' nominee, or, at any rate, was strongly recommended by him as a man likely to suppress smuggling. Now that M. Naus is no longer at the head of the Customs, it is probable that the new Governor will continue the old system, which M. Naus tried to check in the interests of the revenue. The new Governor arrived at Bushire on the 5th February.

An officer deputed by the Minister of War is said to have left for Bushire to select positions for the mounting of the four guns which have been lying in the custom-house for some years.

The Residency Agent at Lingah reports that the Russian Steam Navigation Company has sent Russian postal stamps to its agent at Lingah so that all persons wishing to forward letters by the Company's steamers may affix Russian stamps and hand them to the agent of the line for dispatch to any destination.

On the 10th February the new Governor inspected the guns in the custom-house, removed them to Government House and had them unpacked. One, a howitzer, lay unpacked in the mud when the First Assistant Resident saw it, and has apparently not been cleaned since its first importation. It is therefore very probably unserviceable. The breech of another gun was visible and appeared to be in the same condition. The Governor has had the ammunition brought down from Shiraz.

The German steamer "Assyria" arrived at Bushire on the 13th February on her upward voyage and discharged 434 cases and packages at Bushire. She subsequently proceeded to Mohammerah, where she discharged thirty-five tons of cargo from Hamburg and Antwerp, chiefly sugar from the latter place.

The Russian steamer "Euphrates" arrived at Bushire from Odessa on the 28th February, bringing 500 packages of piece-goods, tea-pots, crockery, and tea-glasses.

The agents of the German line have issued a notice that the next three steamers of the Hamburg-American line will take no cargo on their homeward voyage from Persia.

The German Consul at Bushire, Dr. Listemann, has arrived at Tehran to take up the duties of Dragoman.

Sirdar Mukarrem, the Governor of Luristan, a nephew of Nizam-es-Sultaneh, was lately at Mohammerah. Major Cox, when on tour there in the middle of February, called upon him and the Sheikh of Mohammerah. The Ilkani and Ilbeggi of the Bakhtiari are at Ram Hormuz. Haji Reis-et-Tujjar, the Sheikh's factotum, was to have accompanied Sirdar Mukarrem to Ahwaz, and then to go to Ram Hormuz to settle the outstanding differences concerning the district of Behbahan, &c., with the Bakhtiary Chiefs.

Kermanshah.

There has been a good deal of local trouble owing to the disputes which arose respecting the elections, and some blood was shed during the riots. His Majesty's Consul was referred to by the Governor and by the different parties in conflict, but endeavoured to keep out of all interference in the matter, which, he explained, was no concern whatever of his.

His Majesty's Consul recently heard that the Governor of Hamadan ordered that the water in the baths was to be changed once a week, and that all shopkeepers were to place a light outside their shops at night to light the streets. These abominable ideas, however, smacked too much of European influence, and the good Mullahs of the town protested against the evil, saying that a change of water once a year was good enough for any one—more than that was unholy—while lighting the streets was an invention of the devil. Thus the town continues in religious darkness, and the baths in the odour of sanctity.

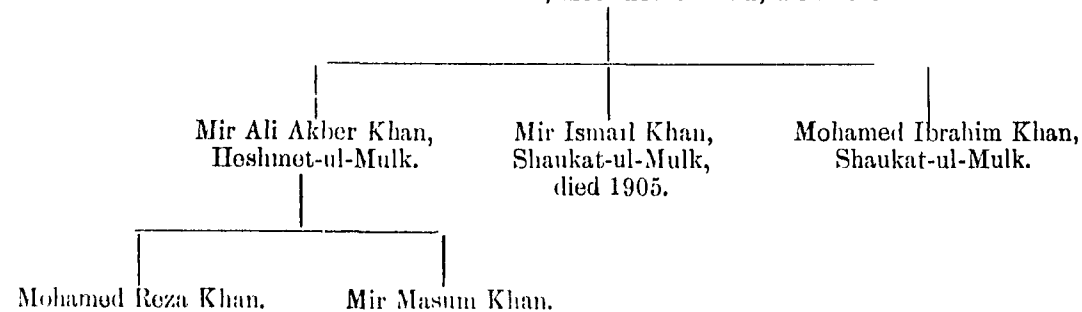
(Signed) G. P. CHURCHILL.

Tehran, March 28, 1907.

Inclosure 2 in No. 61.

Memorandum.

MIR ALEM KHAN, Heshmet-ul-Mulk, died 1891.



Major Bonn,
May 31,
1903.

THE present Heshmet-ul-Mulk was appointed Governor of Seistan in 1891, on the death of his father, and remained undisturbed for about ten years. With the introduction of a European organization into the Customs Department, and the appointment of Tehran officials, Seistan then emerged from a condition of almost primitive simplicity, and was ruled from Tehran. At the beginning of 1901 there were neither Persian Foreign Office Agents, Belgian officials, nor military officers. The Heshmet-ul-Mulk threw in his lot with us from the outset, and has done his utmost to remain loyal to our cause. He has never designedly put difficulties in our way; he has often secretly helped us, and there is no doubt that his political feelings are entirely on the side of the British. Mir Masum Khan and Mohammed Reza Khan take their cue from their father, but the latter has shown himself inclined to be influenced by his father-in-law, Sirdar Purdil Khan, the Serbendi Chief, who has anti-foreign tendencies. Mir Masum Khan has never forgotten his trip to India, and maintains the friendliest relations with us.

Mr. Dobbs,
July 7,
1903.

In June 1903 a fictitious agitation against the Consulate was started at the instigation of M. Miller, the Russian Consul, when the Heshmet-ul-Mulk punished some of the ringleaders, though with considerable reluctance from fear of the Russians. Mr. Dobbs gave him an assurance that he would not be dismissed "solely on account of punishing offenders against British subjects," and remarked: "If the Amir is now not supported, after I have taken upon myself the responsibility of assuring him that the British Government will not permit his dismissal solely on account of his punishment of offenders against its subjects, British prestige in Seistan will sink to a lower point than it has ever yet reached."

Sir A. Hardinge,
July 17,
1903.

Sir A. Hardinge took steps to support the Heshmet, who was apparently about to be dismissed by the Amin-es-Sultan, then Grand Vizier, at the instigation of the Russian Legation. Sir A. Hardinge observed to the Grand Vizier that the action which the Heshmet had taken in putting down the rioters deserved the thanks both of the Persian and British Governments. Continued pressure was used to endeavour to maintain the Heshmet in office, but ineffectually. He was forced to come to Tehran in 1904, though he tried by every means in his power to be allowed to remain. He appointed his second son, Mir Masum Khan, Deputy Governor, and has lived at Tehran ever since. His Majesty's Legation kept up close relations with him during 1905, and even arranged for the Imperial Bank to lend him some money under Government guarantee; but as he saw that the British Government could not get him reinstated, he apparently became impatient and turned to the Russians, who, I have reason to believe, lent him money and promised him their support. Mir Masum Khan, who had been to India and was credited with a leaning to the British, was

dismissed in February 1907, and the elder son, Mohammed Reza Khan, was appointed Deputy Governor. The latter was a great friend of M. Miller's in 1901-1902, and is said to be indebted to the Russian Bank. The father and the elder son appear to be degenerate, corrupt, and vicious. The father is addicted to opium-smoking to such an extent that he is practically an imbecile. The elder son is cruel, unjust, and much given to drink.

(Signed) G. P. CHURCHILL.

[11882]

No. 62.

Sir A. Nicolson to Sir Edward Grey.—(Received April 15.)

(No. 173.)

Sir,

St. Petersburg, April 2, 1907.

I HAVE the honour to transmit herewith a private letter which I received this afternoon from M. Isvolsky, inclosing a *pro-memorid* embodying the reply of the Russian Government to the Memorandum which I communicated to his Excellency on the 10th ultimo, and of which I forwarded a copy in my despatch No. 125 of the same date, in regard to the Convention which it is proposed to conclude with reference to the respective interests of Great Britain and Russia in Persia.

The chief point, as M. Isvolsky observes, is that the Russian Government would be prepared to meet the wishes of His Majesty's Government that the Russian line should terminate at Zulficar when they have received certain explanations on one or two points. It is true that the Russian reply is a little more guarded than I have stated, but I think that it can be taken for granted that in principle they have acceded to our request on that important point.

I understand that the remarks made in point 2 of the *pro-memorid* in regard to Concessions in the neutral zones are merely mentioned in order to have consigned to writing the verbal assurances which I gave to M. Isvolsky on the 13th ultimo, and which I reported in my despatch No. 132 of that date. I presume that there will be no objection to adopting this course when a reply is given to the *pro-memorid* which I am transmitting.

No mention is made of the transfer of the telegraph lines or of the maintenance of the existing Concessions, or as to the addendum requested to Article II of the Russian draft Convention as to the revenues which are pledged to the services of British loans to Persia. I do not anticipate any difficulty on those points.

I telegraphed the substance of the *pro-memorid* in my telegram No. 57 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure 1 in No. 62.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

April 2, 1907.

JE m'empresse de vous faire tenir ci-joint notre *pro-memorid* en réponse à votre dernière communication au sujet de la Perse. Ce n'est pas encore une réponse définitive, mais, comme vous verrez, sur le point principal nous sommes prêts à aller au devant de vos désirs.

Votre sincèrement dévoué,
(Signé) ISVOLSKY.

Inclosure 2 in No. 62.

Pro-Memorid communicated by Russian Government, April 2, 1907.

VU l'importance majeure que le Gouvernement Anglais attache à ce que la ligne-frontière de la sphère d'influence présumée de la Russie en Perse aboutisse non pas à Kuhsan mais à Zulficar, et afin de donner au Cabinet de Saint-James une preuve indiscutable de sa ferme décision d'arriver à une entente solide entre les deux États, le Gouvernement Impérial pourrait se déclarer prêt à aller au devant de ce désir. Néanmoins, avant de donner une réponse définitive tant sur ce sujet que sur les autres

questions touchées dans l'aide-mémoire Anglais du 25 Février (10 Mars), le Ministère Impérial désirerait éclaircir les points suivants des propositions contenues dans cette aide-mémoire :—

1. L'Ambassade Britannique y exprime le désir que dans le cas de non-paiement des coupons des emprunts Persans et de l'institution d'un contrôle sur les douanes ou sur d'autres sources de revenus engagées dans les zones respectives, la Grande-Bretagne se charge de percevoir et de verser à la Russie les sommes qui lui seraient dues sur les revenus dans la sphère Anglaise affectés à l'amortissement des emprunts conclus en Russie, et que la Russie, de son côté, prenne un engagement analogue en ce qui regarde les revenus dans la sphère Russe affectés aux paiements à faire à l'Angleterre. A ce propos il est à prendre en considération que le droit de contrôle sur les douanes Persanes en cas d'irrégularités dans l'amortissement des emprunts conclus en Russie appartient à cet État en vertu d'un contrat passé avec le Gouvernement Persan. Il est indispensable, en conséquence, de résoudre au préalable la question de savoir si ce droit peut être cédé à d'autres, ou bien si le Gouvernement Persan peut se croire fondé à protester contre une pareille transaction. En outre, le Gouvernement Impérial ne saurait se prononcer définitivement dans cette question avant d'être renseigné d'une façon exacte sur les droits acquis en Perse sous ce rapport par le Gouvernement Anglais, afin de pouvoir se former une idée nette des obligations qu'il assumerait en acceptant la dite transaction.

2. L'Ambassade suggère que le Gouvernement Russe s'engage à ne pas s'opposer, sans s'être préalablement entendu avec le Gouvernement Anglais, à ce que des concessions quelconques soient données dans la zone neutre à des sujets Britanniques ou à ceux de Puissances tierces. La rédaction de cette clause étant de nature à donner lieu à des interprétations différentes, il serait peut-être désirable d'omettre complètement dans ce passage les mots qui se rapportent aux sujets de Puissances tierces ainsi que l'a proposé verbalement Sir Arthur Nicolson. Il va de soi, du reste, que la Russie ne pourrait prendre un pareil engagement qu'à titre de réciprocité de la part de l'Angleterre.

Saint-Petersbourg, le 20 Mars (2 Avril), 1907.

[11885]

No. 63.

Sir A. Nicolson to Sir Edward Grey.—(Received April 15.)

(No. 177.)

Sir,

St. Petersburg, April 4, 1907.

I TOLD M. Isvolsky yesterday that I had telegraphed to you the substance of the *pro-memorandum* which he had communicated to me in regard to Persia, and of which I had forwarded a copy in my despatch No. 173 of the 2nd instant, and that I was glad to see that in principle the Russian Government were prepared to accept the modification which His Majesty's Government desired in respect to the tracing of the Russian line. His Excellency observed that as the chief point was practically arranged, he trusted that there would be no difficulty as to the other points raised in the Russian *pro-memorandum*, and which were of a technical nature. I would doubtless understand that he had not been able to give a definite reply as to the terminus of the Russian line until all other points were cleared up. He added that he was examining the best method for arranging the question of the telegraph lines, and he appeared to have understood that a transfer was the sole solution. I do not anticipate that any difficulty will arise on that point.

I have, &c.
(Signed) A. NICOLSON.

[11887]

No. 64.

Sir A. Nicolson to Sir Edward Grey.—(Received April 15.)

(No. 182.)

Sir,

St. Petersburg, April 7, 1907.

I HAD the honour to receive your despatch No. 136 of the 2nd instant, transmitting copy of a letter from the Admiralty in regard to the measures which might be taken for the protection of British interests in the Persian Gulf. As M. Isvolsky will, doubtless, expect a reply in writing to the *aide-mémoire* which he communicated to me,

and a copy of which I transmitted in my despatch No. 156 of the 25th ultimo, I venture to inclose the draft of an *aide-mémoire* which I might hand to his Excellency, should its terms meet with your approval. I think that it would be unnecessary to enumerate the ports to which ships of war might be dispatched, and I have, therefore, given a very general statement on that head. I have also not specified the character of the protective measures, but should M. Isvolsky again ask me if His Majesty's Government would, in case of necessity, be prepared to seize custom-houses, I would propose to reply that the Naval Commanders would be allowed latitude as to the nature of protection which the circumstances might require, and would be authorized to adopt that which seemed to them to be the most practicable and feasible.

I should be grateful if you would kindly inform me by telegraph of your views as to my draft *aide-mémoire*, and of any modifications which you would desire me to introduce.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 64.

Aide-mémoire for communication to the Russian Government.

HIS Majesty's Embassy had the honour to receive the *aide-mémoire* which the Imperial Russian Government were good enough to communicate on the 12th (25th) March, 1907, in regard to the measures which, in case of urgent necessity, would be taken for the protection of Russian interests in Persia. The Imperial Russian Government requested to be informed of the measures which His Majesty's Government might be disposed, in similar circumstances, to adopt.

His Majesty's Embassy begs leave to state that, in case of serious emergency, and in the event of the lives and interests of British subjects being gravely endangered, His Majesty's Government would be prepared to dispatch ships of war to the southern ports of Persia and in the Persian Gulf to afford such measures of protection as the circumstances might demand. His Majesty's Embassy understands that the Imperial Russian Government are in accord with His Majesty's Government that active measures should, if possible, be avoided, and only adopted in circumstances of serious urgency, and after previous communication between the two Governments.

[11893]

No. 65.

Sir A. Nicolson to Sir Edward Grey.—(Received April 15.)

(No. 190.)

Sir,

St. Petersburg, April 10, 1907.

I INQUIRED of M. Isvolsky to-day whether he could tell me if the Russian Government would be disposed to give some assurances with the object of tranquillizing the mind of the Zil-es-Sultan as to his future. His Excellency said that the Russian Government were quite prepared to convey to his Highness assurances similar to those which I had mentioned to him in my private letter of the 12th (25th) ultimo, and a copy of which I had the honour to inclose in my despatch No. 155 of the same date. M. Isvolsky added that the assurances would be conveyed direct to the Zil-es-Sultan. I asked him if I could take his communication as a settled matter, and his Excellency replied in the affirmative.

I telegraphed the above to you in my telegram No. 62 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

[11894]

No. 66.

Sir A. Nicolson to Sir Edward Grey.—(Received April 15.)

(No. 191.)

Sir,

St. Petersburg, April 10, 1907.

M. ISVOLSKY informed me to-day that he had received a report from the Russian Chargé d'Affaires at Vienna stating that the Atabeg had had a long conversation with himself and Sir E. Goschen in regard to his return to Persia, and had requested facilities

for his journey. These facilities the Russian Government would willingly accord, and would place a steamer at his disposal to convey him from Baku to Enzeli. He had gathered from the report of the Russian Chargé d'Affaires that the Atabeg was quite prepared to tackle the existing situation in Persia, and that, though he was desirous that reforms should be introduced, he considered that too many concessions had been made to the somewhat extravagant demands of the popular party.

I said that I was extremely glad to hear that the Atabeg was to be recalled to office. He was a great personal friend of mine, and I considered that he was the most intelligent man in Persia, and was also endowed with considerable firmness of character. In the early days of his grandeur he had been a devoted friend to England, but had subsequently, I believed, gone over to Russia, and then had fallen into difficulties in his own country, and had been practically exiled. I had seen him last year in Madrid when he was making the grand tour and visiting museums and picture galleries alone with his son and without cicerone or servants. I trusted that it would be clearly explained to him that the old days of rivalry between Great Britain and Russia had passed by, and that, instead of following the usual Persian tactics of endeavouring to play one country off against the other, he should act in accord with both. M. Tsvolsky said that he quite agreed with me, and that he had little doubt that the harmony now existing between the Russian and British Legations would be made manifest to the Atabeg on his arrival in Tehran.

As we were conversing on Persia, I mentioned to M. Tsvolsky that some vessels of the East Indian squadron had contemplated making the usual cruise to Persian ports, but that, as the projected visit appeared to have caused some commotion, the project had been deferred.

I have, &c.
(Signed) A. NICOLSON.

[12114]

No. 67.

India Office to Foreign Office.—(Received April 15.)

Sir,

India Office, April 13, 1907.

I AM directed to acknowledge the receipt of Sir E. Gorst's letter of the 6th instant, inclosing copy of a despatch from His Majesty's Ambassador at St. Petersburg, No. 141, dated the 11th ultimo, as to the terms of the draft Convention relating to Persia submitted by the Russian Government.

Mr. Morley concurs in the instructions which have been sent to Sir A. Nicolson, informing him that His Majesty's Government desire the reference to third parties as regards concessions in the British and Russian special zones to be maintained, and in the terms, as amended by the Secretary of State for Foreign Affairs, of the draft Article III proposed by Sir A. Nicolson, giving effect to the view that His Majesty's Government are only interested, as regards the neutral zone, in securing that British concessions therein should not be opposed without previous agreement with the Russian Government, and are willing to give a reciprocal engagement on this point.

Mr. Morley also concurs in the terms of Article V, which Sir E. Grey proposes should be substituted for the draft suggested by Sir A. Nicolson, as to the treatment in the British and Russian zones of the customs receipts or other revenues pledged to the service of the British and Russian loans in the event of default by the Persian Government.

I am, &c.
(Signed) A. GODLEY.

[12115]

No. 68.

India Office to Foreign Office.—(Received April 15.)

Sir,

India Office, April 13, 1907.

I am directed by Mr. Secretary Morley to acknowledge the receipt of Sir E. Gorst's letter of the 6th instant, forwarding copy of a telegram from His Majesty's Ambassador at St. Petersburg, dated the 2nd instant, as to a *pro-memoria* received from the Russian Government on the subject of the draft Convention as to Persia.

In reply, I am to say that Mr. Morley concurs in the terms of the communication

which the Secretary of State for Foreign Affairs proposes should be made to the Russian Government on the question of the collection, in the event of default by the Persian Government, of the pledged revenues by the one party in the sphere of the other, and on that of the right of control possessed by His Majesty's Government over the revenues hypothecated for the service of the British loans.

As regards the question of omitting any reference to third parties in the matter of Concessions in the neutral zone, Mr. Morley's concurrence in the course proposed by Sir E. Grey is expressed in my letter of to-day's date replying to Sir E. Gorst's letter of the 6th instant.

I am, &c.
(Signed) A. GODLEY.

[12118]

No. 69.

India Office to Foreign Office.—(Received April 15.)

Sir,

India Office, April 13, 1907.

I AM directed to acknowledge the receipt of Sir E. Gorst's letter of the 6th instant, and to state, in reply, that Mr. Secretary Morley concurs in the proposal of the Secretary of State for Foreign Affairs to approve the suggestion of His Majesty's Minister at Tehran that the demand for the immediate payment of the interest due on the British loans to Persia should be postponed on condition that the clause in the charter of the new National Bank, granting it priority in the importation and sale of silver, is eliminated.

Mr. Morley's concurrence in Sir E. Grey's views as to the right of His Majesty's Government to control the revenues pledged to the service of these loans was expressed in my letter of to-day's date, in reply to Sir E. Gorst's letter of the 6th instant. Mr. Morley concurs in the proposal to inform Sir C. Spring-Rice of these views by telegraph.

I am, &c.
(Signed) A. GODLEY.

[12175]

No. 70.

Admiralty to Foreign Office.—(Received April 15.)

(Confidential.)

Sir,

Admiralty, April 15, 1907.

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, a paraphrase of a telegram, dated the 14th instant, from the Commander-in-chief, East Indies.

I am, &c.
(Signed) C. I. THOMAS.

Inclosure in No. 70.

Vice-Admiral Sir E. Poë to Admiralty.

(Telegraphic.) P.

Aden, April 14, 1907.

SHIPS' movements. On the 13th instant reached Koweit.
Jashk will be reached on the 18th instant.

[11609]

No. 71.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 45.)

(Telegraphic.) P.

Foreign Office, April 15, 1907.

SITUATION in Persia.

In reply to your telegram No. 81 of the 7th instant, Admiralty have sent instructions to Commander-in-chief, East Indies, that ships are to be kept ready to proceed at short notice to ports in Persian Gulf.

[1741]

Q

[12254]

No. 72.

India Office to Foreign Office.—(Received April 16.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a despatch to the Government of India, dated 12th April, 1907, relative to the Karun Irrigation Scheme.

A copy has been sent to the Director of Military Operations.

India Office, April 15, 1907.

Inclosure in No. 72.

Mr. Morley to Government of India.

My Lord,

India Office, April 12, 1907.

I HAVE considered in Council your Excellency's letter of the 3rd January last, with which you forward copies of papers relative to the employment of Major Morton, R.E., on investigations as to the possibilities of irrigation from the Karun River.

2. You observe that the period of Major Morton's deputation commenced on the 7th January, 1905, and the approximate cost you estimate at 170*l.* a-month.

3. Your Excellency will remember that the instructions conveyed to the Government of India in my predecessor's telegrams were that His Majesty's Government required an expert opinion as to whether, and to what extent, Mr. Van Roggen's scheme would affect the navigation of the Karun River, and whether the scheme itself contained the elements of success. The information required was supplied in Major Morton's Reports of the 28th June and 5th July, 1905; and it will be seen from the inclosed correspondence* that the Foreign Office decline to accept any share of the expense of Major Morton's deputation subsequent to the later date.

4. I have already drawn the attention of your Excellency's Government to the inconvenience which arises from neglect of the precaution of obtaining, in cases where the cost is divisible between Imperial and Indian revenues, the previous consent of His Majesty's Government before any step involving expenditure is taken. In the present case Major Morton has been employed for a period already amounting to nearly twenty months in excess of the time required for the purposes of his original deputation, and, in the circumstances, I am unable to press the Foreign Office to accept any portion of the charge subsequent to the 5th July, 1905.

5. You now ask my sanction to Major Morton's continued deputation until he has completed the rough reconnaissance of the right bank of the Karun, which should be about the end of next May. As the work has proceeded so far, I will not withhold my sanction to your proposal, the expense of which will be borne by Indian revenues.

I have, &c.

(Signed) JOHN MORLEY.

[12281]

No. 73.

Mr. Preece to Foreign Office.—(Received April 16.)

Sir,

1, St. James's Place, S.W., April 15, 1907.

I HAVE the honour to acknowledge the receipt of your despatch of the 11th instant, forwarding a copy of the Memorandum by Mr. Edouard Kitabji on the Oil Concession.

It will be within your recollection, I am sure, that in all dealings with regard to the Lynch Road and also with reference to this Concession, the Legation and the Consulates have been the intermediaries with the Chiefs, and that for the Concession Syndicate to appoint an agent on the spot otherwise than Mr. Reynolds, would be

* Not printed.

simply to encourage them in their vagaries, and would considerably enlarge the difficulties we are at present encountering.

When the work has proved successful, and a Company has been formed, then an agent on the spot will be a necessity, but it will have to be someone other than Mr. Edouard Kitabji. I think it would be impossible to employ him again—his record is too bad; he was sent down to Kasr-i-Shireen to aid Mr. Reynolds—he proved to be nothing but a deterrent, intriguing to such an extent that Mr. Reynolds ultimately was forced to resign. Mr. Rosenplacenter, who succeeded Mr. Reynolds, never found Mr. Kitabji of any use.

That he has been active in Tehran lately is pleasant news, but I am sure he only acted on instructions from his brother, Mr. Vincent, who has no very high opinion of his capabilities, as he would not hear of his being kept in Persia instead of Paul.

I regret to see that the Shuja-es-Sultan still maintains his opposition to the arrangement made with his brothers and cousins, but this only applies to the working at Ram Hormuz. I am inclined to think that his attitude is due to family dissension rather than a direct opposition to the exploiting of the country by the Company.

No notice need be taken of the attitude of the Seyuds of Shuster. There is no intention of touching their land at present, and I am informed that Mr. Reynolds has made a working arrangement with them independent of the Bakhtiaris. I may add in conclusion that Mr. Reynolds has an assistant—Mr. Holland—who has been in these parts for many years, in Messrs. Lynch's service, and is well acquainted not only with the Bakhtiaris but also with the Seyuds and Arab Chiefs.

I have, &c.

(Signed) J. R. PREECE.

[12120]

No. 74.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 46.)

(Telegraphic.) P.

Foreign Office, April 16, 1907.

QUARANTINE arrangements in Persia.

I have received your telegram No. 83 of the 11th instant.

What steps should you propose to take, and from what quarter do you think our position may be attacked?

[12118]

No. 75.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 47.)

(Telegraphic.) P.

Foreign Office, April 16, 1907.

INTEREST on Persian loan.

I have received your telegram No. 75 of the 4th instant.

I authorized you, on the condition that the silver clause be eliminated, to agree to the delay.

We consider that, in case of non-payment, the right to control customs follows inherently from the hypothecating of the revenues, even though it is not provided for expressly in loan Agreements.

[12394]

No. 76.

Admiralty to Foreign Office.—(Received April 17.)

Sir,

Admiralty, April 17, 1907.

WITH reference to Admiralty letter of the 15th instant, forwarding copy of a telegram from the Commander-in-chief, East Indies, reporting that he proposed to arrive in the "Hyacinth" at Jashk on the 18th instant, I am commanded by my Lords Commissioners of the Admiralty to state that a further telegram has been received from His Majesty's ship "Highflyer," dated the 17th instant, from Muscat, reporting that she was then leaving for Jashk.

It will not be possible to communicate either with the Commander-in-chief or with the "Highflyer" until their arrival at Jashk, but meanwhile my Lords would be

glad to learn whether there is any objection to the "Highflyer" and "Hyacinth" being at Jashk together.

It is assumed that the visit will not be of long duration, as the Commander-in-chief in his telegram of the 6th instant reported his intention of proceeding to Bombay.

I am, &c.
(Signed) W. GRAHAM GREENE.

[12388]

No. 77.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 17.)

(No. 85.)

(Telegraphic.) P.

PERSIAN Gulf quarantine.

Your telegram No. 46.

We may shortly have a hostile President of the Sanitary Council. The present man, who is friendly, is retiring.

Hostility to our quarantine officers has been frankly shown by the Russian Consul at Bunder Abbas, and the Belgian customs officials have adopted the same attitude.

I am in correspondence with the Government of India and the Sanitary Council here as to improving our sanitary service, a course which I recommend. (See my despatch No. 1, Commercial.) I would further recommend that a communication be made to the Russian Government to the effect that His Majesty's Government expect that, in view of the impossibility of securing an efficient Persian service, the necessity of good administration, and the predominance of British trade and shipping, &c., no objection to the continuance of the present system will be offered by the Russian Government.

Tehran, April 17, 1907.

[12389]

No. 78.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 17.)

(No. 86.)

(Telegraphic.) P.

INDO-EUROPEAN Telegraph Department's Concession.

The Department's Concession expires in 1925. The Indo-European Company has renewed its contract for twenty years, and the opportunity may be favourable for renewing the Department's contract for a like period. Some money would have to be expended, and money is badly wanted here at present.

Pending your instructions, I have not mentioned the matter here, but I would suggest taking steps here and informing St. Petersburg of our intention.

Kirk, of the India Office, should be communicated with.

Tehran, April 17, 1907.

[12114]

No. 79.

Sir Edward Grey to Sir A. Nicolson.

(No. 154.)

Sir,

Foreign Office, April 17, 1907.

I HAVE had under consideration, in consultation with the India Office, your Excellency's despatch No. 141 of the 16th ultimo, on the subject of the proposed Anglo-Russian Convention.

Your Excellency has already been informed by my telegram No. 39 of the 18th ultimo that it is considered desirable to retain, as in the Russian text, the mention of third Powers as regards the British and Russian zones.

With regard to your suggestions for Articles III and V, I have to transmit herewith copies of correspondence as marked in the margin with the India Office.*

Your Excellency will observe that I have suggested a small verbal alteration in

* Nos. 23 and 67.

the proposed wording of Article III, and a different wording for Article V, and that the Secretary of State for India concurs in my suggestions.

I have accordingly to request your Excellency to submit to M. Isvolsky the versions of the two Articles in question as amended by this correspondence.

I am, &c.
(Signed) E. GREY.

[12115]

No. 80.

Sir Edward Grey to Sir A. Nicolson.

(No. 155.)

Sir,

Foreign Office, April 17, 1907.

I TRANSMIT herewith copies of correspondence with the India Office,* respecting the points as to the collection of revenues pledged to Russian loans in the British sphere and the omission from the proposed Convention of any mention of third Powers in connection with concessions in the neutral zone, numbered 1 and 2 respectively in your Excellency's telegram No. 57 of the 2nd instant, as to which the Russian Government desire information.

I have to request your Excellency to address to M. Isvolsky a communication in the sense indicated in the inclosed correspondence.

I am, &c.
(Signed) E. GREY.

[11887]

No. 81.

Sir Edward Grey to Sir A. Nicolson.

(No. 51.)

(Telegraphic.) P.

PERSIAN Gulf.

Foreign Office, April 18, 1907.

I have received your despatch No. 182 of the 7th April, and approve terms of *aide-mémoire* respecting protection of British interests.

[12394]

No. 82.

Foreign Office to Admiralty.

Sir,

Foreign Office, April 18, 1907.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 17th instant, respecting the departure of His Majesty's ship "Highflyer" from Muscat for Jashk.

Sir E. Grey is of opinion that, in view of the circumstances already explained, the presence at Jashk of two of His Majesty's ships at the same time would be undesirable. I am accordingly to suggest, for the consideration of the Lords Commissioners of the Admiralty, that instructions should be sent to the Commander-in-chief that one of the ships should if possible leave that port at once, and that the other should not remain longer than is absolutely necessary.

I am, &c.
(Signed) F. A. CAMPBELL.

[12616]

No. 83.

Sir A. Nicolson to Sir Edward Grey.—(Received April 19.)

(No. 204.)

Sir,

St. Petersburg, April 15, 1907.

I HANDED to M. Isvolsky to-day the draft of the note concerning the transfer of the supervision over the telegraph lines in Persia between Tehran and Meshed, and between the latter place and Nasretabad, of which I had the honour to inclose a copy in my despatch No. 132 of the 13th March, and the terms of which you were good

* Nos. 23 and 67.

[1741]

R

enough to approve in your telegram No. 48 of the 13th instant. M. Isvolsky read the document and said that he must examine the proposal before giving a reply. He further observed that he presumed that the Persian Government would have to be approached on the subject; and I replied that probably this course would have to be adopted eventually and after we had come to an agreement on the subject, but that this need not delay our closing the question so far as the two Governments were concerned.

I may mention that M. Poklewsky stated to me yesterday that he had heard one point raised in the Ministry for Foreign Affairs in connection with the question of the telegraph lines, but that it had not been submitted to M. Isvolsky. The point was that as the terminus of the Seistan line was in Meshed, which would be in the Russian zone, it might be desirable that the British supervision should only commence from Turbat-i-Haidari.

I told M. Poklewsky that at first sight it seemed to me it would be most inconvenient and undesirable that the British supervision should not extend over the whole line. I do not know if M. Isvolsky will be inclined to adopt the above view, and Turbat-i-Haidari is equally with Meshed within the proposed Russian zone. Should M. Isvolsky adopt the view which apparently is afloat in his Ministry, I would propose to inform him that the transfer must be complete and cover the whole line, and not be limited to that portion of it which is outside of the Russian zone. It is quite possible that M. Isvolsky will not mention this special point to me.

I have, &c.
(Signed) A. NICOLSON.

[12575]

No. 84.

Admiralty to Foreign Office.—(Received April 19.)

(Confidential.)

Sir,

Admiralty, April 19, 1907.

WITH reference to your letter of the 18th instant, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, copy of a telegram dated the 18th instant from the Admiralty to the Commander-in-chief, East Indies, respecting His Majesty's ships at Jash.

I am, &c.
(Signed) C. I. THOMAS.

Inclosure in No. 84.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.)

Admiralty, April 18, 1907

It is thought undesirable by Sir E. Grey that both "Higflyer" and "Hyacinth" should be present at the same time at Jash.

If possible, therefore, one of these vessels should sail immediately from Jash, the other remaining there only so long as it is absolutely necessary for her to do so.

[12218]

No. 85.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 48.)

(Telegraphic.) P.

Foreign Office, April 19, 1907

GOVERNMENT of India have been informed telegraphically by His Majesty's Consul at Seistan that Governorship of Kain has been bought by Hashnat-ul-Mulk for 130,000 tomans. Russian Minister is said to have guaranteed purchase price.

Can you confirm this report?

Government of India fear that, as until recently Governorships of Seistan and Kain were combined, we may find ourselves confronted in the most important part of our proposed sphere in Persia by a strong hereditary Governor, whom Russian Government hold under a heavy obligation.

[12486]

No. 86.

Sir Edward Grey to Sir A. Nicolson.

(No. 54.)

(Telegraphic.) P.

Foreign Office, April 19, 1907.

THERE is no objection on our part to proposal of Russian Government respecting Zil-es-Sultan, mentioned in your telegram No. 66 of yesterday.

You may inform M. Isvolsky of this.

[11859]

No. 87.

Foreign Office to India Office.

Sir,

Foreign Office, April 20, 1907.

WITH reference to Sir A. Godley's letter of the 6th February last, I am directed by Secretary Sir E. Grey to transmit herewith a copy of a despatch from His Majesty's Minister at Tehran, respecting the status of Bahrein.

Sir E. Grey proposes, should Mr. Secretary Morley see no objection, to approve the terms of Sir C. Spring-Rice's note of the 23rd February to the Grand Vizier.

I am, &c.
(Signed) F. A. CAMPBELL.

[12815]

No. 88.

Sir N. O'Connor to Sir Edward Grey.—(Received April 22.)

(No. 231. Confidential.)

Sir,

Constantinople, April 17, 1907.

DURING last summer, when the Russian Ambassador and myself were supporting the representations of the Persian Ambassador with a view to the settlement of the Turco-Persian frontier, we were suddenly informed by Prince Riza Khan that the German Ambassador had offered him his support, and that, while gratefully acknowledging his Excellency's friendly offer, his Highness had pointed out that, in case he failed to come to an understanding with the Porte, he would, in accordance with the Anglo-Russian Agreement of March 1865, have to refer the points in dispute to the decision of the Governments of England and Russia.

In the course of a recent conversation with the Russian Ambassador the conversation turned on the curious development given to the Turco-Persian negotiations by the introduction of Germany on the scene, as I had left here in September and had heard nothing more on the subject. I asked his Excellency if he knew why the German Ambassador had suddenly taken such interest in the question and offered the Persian Ambassador his good offices.

M. Zinoview, speaking confidentially, then proceeded to tell me that the Persian Ambassador had one day received a telegram from his Government instructing him to ask for the assistance of the German Ambassador; that he had replied it was difficult to do so as the British and Russian Ambassadors were the natural arbitrators; and that he had thereupon been told to appeal all the same for the good offices of the German Ambassador, and keep his Government informed of the course of the negotiations.

M. Zinoview, who is on intimate terms with his Persian colleague, went on to say that he had subsequently learnt that the telegrams giving these instructions to Prince Riza Khan, though signed by the Minister for Foreign Affairs, were in M. Naus' private cypher, and that there was no doubt it was one of this gentleman's many intrigues to gain the support of Germany. M. Naus had, as I knew, been a constant visitor at the German Embassy during his stay here; and as he was not only a born intriguer, but also a man of considerable resource, it was possible he had concocted some scheme with the new German Minister in Persia, M. Stenrich, quite regardless of the interest of Persia.

Indeed, he had gathered from a secret source that he had undertaken to settle the frontier question in such a favourable manner for Turkey as to justify the German Embassy, to whom the credit of the settlement would be given, in demanding

recompense from the Sultan, which could take the shape of a coaling station or island on the Persian Gulf.

His Excellency said he had reminded the Persian Ambassador of the declaration made by Lord Lansdowne in the House of Lords in 1903, and that he had strongly censured the Persian Government for giving such liberty of action in political affairs to an official of M. Naus' stamp.

His Excellency said he was not aware of any special activity by Germany at the present moment to obtain a port or coaling station on the Persian Gulf, but he thought it not unlikely that some sort of promise may have been made by the Sultan to give them an island or coaling station in the Gulf in connection with the Bagdad Railway.

He said that if he got any further information on the subject he would not fail to let me know.

I have, &c.
(Signed) N. R. O'CONOR.

[12974]

No. 89.

India Office to Foreign Office.—(Received April 22.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of inclosures in a letter from the Foreign Secretary to the Government of India, dated the 21st March, relative to the Bakhtiari road.

India Office, April 20, 1907.

Inclosure 1 in No. 89.

Mr. Bill to Government of India.

(Confidential.)

Bushire, February 17, 1907.

WITH reference to the inclosures to Foreign Department, dated the 10th January, 1907, I have the honour to forward, for the information of the Government of India, a copy of the letter which has been received from His Majesty's Vice-Consul, Ahwaz, on the subject of the inspection of the Bakhtiari road.

Inclosure 2 in No. 89.

Captain Lorimer to Major Cox.

Ahwaz, February 2, 1907.

I HAVE the honour to acknowledge receipt of your letter dated the 22nd January, 1907, inviting observations on a letter from the Persian Transport Company dated the 9th November, 1906, received under His Majesty's Minister's despatch dated the 26th December, 1906, of which you forwarded copies. I would beg leave to make the following remarks:—

2. I think it most desirable that Messrs. Lynch Brothers should take steps to have the road inspected by one of their own officers, and more particularly by one whom they consider technically qualified to do so.

This responsibility properly rests on them and not on any Government servant. So far as a Government official is involved in the question of the upkeep of the road, it should be in the capacity of an intermediary arbitrator.

As it is I who am concerned, I am probably more anxious than any one that the Company should take the trouble of inspecting and reporting on the condition of its own road.

At the same time I think Messrs. Lynch Brothers perhaps exaggerate the importance of technical qualifications for the inspection of a Persian caravan track.

3. Mr. Parry knows more of the original condition of the track than any one now available. I met Mr. Parry lately, and we had some conversation on the subject of

the road. We appeared to be in agreement on general principles, and it follows that I would favour his being a party to any inspection.

I demur, however, to the advisability of our inspecting the road in company, as the Khans, who are extremely suspicious, would without doubt take for granted that our association would lead to my being induced into partisanship with the Transport Company. It is very desirable that the creation of such an impression should be avoided.

I would therefore recommend that the inspection by the Company's officer and by myself should be carried out separately, but that subsequently we should meet and compare the results of our investigations and the conclusions arrived at. Should it be impossible to do this in a personal meeting, the Company's agent might be instructed to draw up a Report and submit a copy to me. I would state how far I found myself in agreement with it, and any points on which our views differed could be discussed separately.

I am fully alive to the inconveniences of an arrangement of this kind, but I think that they are more than balanced by the advantages of not appearing hand in hand in the view of the Khans.

4. I am inclined to take exception to the Company's claim that they have a right to expect the track to be kept up in the condition in which it was originally handed over.

I would judge from what I have seen that a great deal of original work on the road was not of a permanent or durable nature—that is, if when it was handed over it had throughout at all a good surface. To keep up a good surface on steep gradients, which are common, would require a large amount of work, and would, in my opinion, be work thrown away.

Many of the worst parts of the road appear to owe their badness to radical defects in the trace, doubtless due to a want of funds in the first instance. Again, the Company talk of soft loam being a good surface in dry and a very bad surface in wet weather.

This is perfectly true, but if the track in places lies in loam, the Company and not the Khans are responsible for this, and in this respect it does not seem to me likely that the road is now more defective than when first constructed.

I cannot recollect seeing any signs of any attempt having at any time been made to consolidate the loam, where it appears by binding it with paving, timber, brushwood, or metalling.

Not, however, having seen the road in its original state, I speak liable to correction.

5. Fodder and supplies are a serious question, which I have not overlooked in previous letters on this subject. But I believe I am correct in saying that the Bakhtiari road cannot be regarded as by any means unique among Persian routes in its defects in this respect.

There are real difficulties, and they are not of a nature that the Khans are very likely to effectively overcome.

At the same time I must repeat that there is not the slightest possibility of the Khans agreeing to hand over the management of the road to any Company having the remotest connection with Messrs. Lynch Brothers, or, indeed, to any commercial firm at all.

Were it even possible to force them to do so, I believe that it would only result in a deadlock in the relations between the Company and the Khans, to resolve which diplomatic pressure would be totally ineffectual.

6. Three years having elapsed since the bridges were last inspected, the Company have, I think, a just claim to insist on sending some one this year to examine and overhaul them.

My opinion on the state of the bridges, and the minor work attached to them, has already been expressed for what it is worth in my letter dated the 20th February, 1906.

The plates in the Godar Bridge are in one place exposed. If the Khans will not take the very little trouble required to prevent this, on this single count they may very well be called on to pay a considerable bill for having this necessary work done for them.

7. The question of the "Tufanchis" (road-guards) and their control is one which the more one knows of the Bakhtiaris, both the Khans and their subjects, and the nature of Bakhtiari administration, will inspire the more despair.

I should recommend that every attempt be made to authenticate and report

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as many veritable cases of blackmail as possible. If these were communicated to me I would as I saw expedient press them on the Khans' notice, and sheer weariness might stimulate them to do what they can. That proper pay, even if disbursed by the Khans, would ever reach the men concerned is, under the conditions of the country, inconceivable.

I would note that on my journey down in November the "Tufanchis" were less in evidence and less truculent than at the time of my journey up, and I do not recollect of hearing of any complaints against them. If the evil of blackmail can be kept within moderate bounds, this road will not be handicapped, I believe, in regard to other roads in Persia.

Our best policy in dealing with the Bakhtiari lies, I am convinced, in estimating what are the maximum demands which there is a tolerable hope of being able to have satisfied, and in working persistently to secure them. Counsels of perfections are futile.

[12969]

No. 90.

Admiralty to Foreign Office.—(Received April 22.)

Sir,

Admiralty, April 20, 1907.

WITH reference to your letter of the 18th instant, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for Foreign Affairs, that Commander-in-chief, East Indies, has reported that he left Jask in His Majesty's ship "Hyacinth" without anchoring, and that His Majesty's ship "Highflyer" has been ordered to proceed to Bombay.

The Commander-in-chief, East Indies, has, however, suggested that the subsidy ships (His Majesty's ships "Lapwing," "Sphinx," and "Redbreast") should continue to visit Persian ports as may be required (in accordance with the Admiralty agreement with the India Office).

Their Lordships consider it desirable that these usual visits should continue, and if Sir Edward Grey sees no objection they propose to inform the Commander-in-chief accordingly.

I am, &c.
(Signed) C. I. THOMAS.

[12194]

No. 91.

Sir Edward Grey to Sir H. Howard.

(No. 31.)

Sir,

Foreign Office, April 22, 1907.

I TRANSMIT herewith a copy of a despatch from His Majesty's Minister at Tehran,* relative to the reported formation of a Company with a capital of 10,000*l.* to trade from Ahwaz under the name of "Ter Meulen and Gratama."

I have to request you to furnish me with any information which you can obtain as to the composition, scope, and objects of the Company.

I am, &c.
(Signed) E. GREY.

[13251]

No. 92.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 24.)

(No. 90.)

(Telegraphic.) P.

Tehran, April 24, 1907.

IMPERIAL Bank of Persia and National Bank.

I have received a promise from the Minister of Foreign Affairs that he will send me a written note promising, on the authority of the Shah, that no preference in the matter of the importation of silver for coinage will be granted to any one by the Persian Government.

[11854]

No. 93.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 51.)

(Telegraphic.) P.

Foreign Office, April 24, 1907.

FOREIGN intervention in Persia.

I have received your despatch No. 56 of the 25th ultimo. I would request you to continue to observe an attitude of the most strict neutrality, carefully avoiding all action which the popular party might view as evidence of a hostile bearing towards them, or of any intention on the part of His Majesty's Government to join with the Russians in taking action against them.

Hitherto this attitude has been accepted in principle by Russian Government, who have also adhered in practice to it. Our position towards them would have to be reconsidered if they changed their attitude, but at present there is no reason why such an emergency need be feared, and in any case our action would be confined to taking such steps as we must be able to take if an outbreak in Persia itself against foreigners forced such action upon His Majesty's Government.

The question of any joint action being taken to combat the spread of Liberal principles in Asia has never been entertained by us.

[11857]

No. 94.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 62.)

Sir,

Foreign Office, April 25, 1907.

I HAVE received your despatch No. 59 of the 27th ultimo, reporting the circumstances under which his Highness the Zil-es-Sultan was obliged to resign the Governorship-General of Ispahan.

Mr. Barnham appears to have acted with prudence in the difficult position in which he was placed, and I concur in your proposal to approve his action.

I am, &c.
(Signed) E. GREY.

[11855]

No. 95.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 63.)

Sir,

Foreign Office, April 25, 1907.

WITH reference to your despatch No. 57 of the 25th ultimo, on the subject of the National Bank, I have to inform you that on receipt of your telegram No. 49 of the 8th ultimo it was thought desirable to discuss with Sir L. Griffin the Russian Minister's suggestion, that the English and Russian Banks should make the necessary advance to the National Bank.

He informed Sir E. Gorst that he agreed with him in thinking that for the moment there was nothing to be done but to watch carefully the development of events in Persia, with a view to protecting the Imperial Bank if some definite attack were made on it. The Bank could not advance money to the National Bank, having already advanced more money to the Persian Government than they are permitted by their Charter to lend, but Sir L. Griffin seemed disposed to favour an amalgamation of the three banks if it could be brought about. Sir E. Gorst told him that if the idea commended itself to his Board, and if there were any practical steps which they wished to suggest to the Foreign Office to help on its realization, I would be ready to consider any proposals they might put forward.

I am, &c.
(Signed) E. GREY.

[11853]

No. 96.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 64)

Sir,

Foreign Office, April 25, 1907.

I HAVE received your despatch No. 55 of the 25th ultimo, on the subject of the National Bank.

I approve the action taken by you, as reported in this despatch, with a view to obtain a modification of the clause in the Bank Concession with regard to the right of importing silver for coinage.

The action which you propose to take with regard to the clause securing to the National Bank the monopoly of pearl fisheries is also approved.

I am, &c.
(Signed) E. GREY.

[13594]

No. 97.

India Office to Foreign Office.—(Received April 27.)

Sir,

India Office, April 26, 1907.

IN reply to Sir F. Campbell's letter of the 19th instant as to quarantine arrangements in the Persian Gulf, I am directed by Mr. Secretary Morley to inclose, to be laid before the Secretary of State for Foreign Affairs, copies of telegrams which have been addressed to the Government of India asking for the necessary information as to the cost of the proposed reforms.

As regards the question whether a communication should be addressed at once to the Russian Government or should be postponed till after the receipt of the estimate of cost, Mr. Morley is in favour of an immediate communication in the sense suggested by His Majesty's Minister at Tehran in his telegram of the 17th instant. The formula proposed by Sir C. Spring-Rice does not bind His Majesty's Government to any definite action, though it practically commits us, as indicated in the letter under reply, to forestalling arguments based on the alleged inefficiency of the existing quarantine service by the introduction of any necessary improvements.

I am to add that Mr. Morley's opinion in favour of an immediate communication to the Russian Government is subject to the condition that British revenues will bear half the cost of any improvements which it may be found expedient to introduce.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 97.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, March 20, 1907.

THE proposals contained in your telegram of the 6th February, sanitary stations in Persian Gulf, not clearly understood. Please let me know by telegraph, for communication to Foreign Office, approximate estimate of cost, and which ports you have in view. Also, will increased annual maintenance charges be entailed by proposed preliminary measures, and, if so, do you suggest that these should be shared between Home and Indian Governments?

Inclosure 2 in No. 97.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, April 24, 1907.

PLEASE see telegram, dated the 17th April, from His Majesty's Minister at Tehran: Persian Gulf quarantine.

I should be glad if reply to my telegram of the 20th ultimo could be expedited. Please let me have your views on proposals in Spring-Rice's despatch No. 1, Commercial.

[12969]

No. 98.

Foreign Office to Admiralty.

Sir,

Foreign Office, April 27, 1907.

WITH reference to your letter of the 20th instant, I am directed by Secretary Sir E. Grey to state that he sees no objection to the proposal of the Lords Commissioners to inform the Commander-in-chief, East Indies, that the subsidy ships should continue to visit Persian ports as required.

I am, &c.
(Signed) F. A. CAMPBELL.

[13647]

No. 99.

Sir A. Nicolson to Sir Edward Grey.—(Received April 29.)

(No. 210.)

Sir,

St. Petersburg, April 18, 1907.

WITH reference to my despatch No. 190 of the 10th instant, I have the honour to transmit copy of a letter which I have received from M. Isvolsky, relative to the assurances which the Russian Government are prepared to give to the Zil-es-Sultan. I telegraphed the substance of this communication in my telegram No. 66 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 99.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Le 4 (17) Avril, 1907.

JE m'empresse de vous faire savoir, en réponse à votre lettre du 12 (25) Mars dernier, que le Gouvernement Impérial est prêt à faire en faveur de Zil-es-Sultan les démarches qui seraient nécessaires à garantir la sécurité et les biens de l'oncle du Schah et de sa famille, si un danger venait à les menacer. M. de Hartwig pourrait être invité à donner, après un échange de vues préalable avec son collègue d'Angleterre, des assurances en ce sens à Zil-es-Sultan, en lui déclarant, en même temps, que le Gouvernement Impérial ne peut prendre sur lui un pareil engagement que si le Prince reste fidèle à la dynastie du Schah et aux institutions de son pays, ainsi que vous l'avez projeté dans votre lettre.

Mais à ce propos, je me vois obligé à prendre en considération la position créée à Zil-es-Sultan par sa démission récente du poste de Gouverneur-Général d'Isfahan. Il est à prévoir, en effet, que des démarches possibles de la part de ce Prince tendant à lui faire réintégrer dans son ancien poste pourraient avoir, dans un moment aussi difficile que celui que la Perse traverse aujourd'hui, des résultats fâcheux pour la tranquillité du pays. Je pense qu'il serait prudent, en conséquence, de prévenir l'oncle du Schah que le Gouvernement Impérial ne peut se considérer lié par l'engagement sus-mentionné qu'aussi longtemps qu'il s'abstiendra de toute démarche pareille.

Si vous me faites savoir que votre Gouvernement partage ce point de vue, je ne manquerai pas de munir M. de Hartwig d'instructions dans le sens de ma présente lettre.

Veillez, &c.
(Signé) ISVOLSKY.

[13654]

No. 100.

Sir A. Nicolson to Sir Edward Grey.—(Received April 29.)

(No. 217.)

Sir,

St. Petersburg, April 22, 1907.

WITH reference to my telegram No. 66 of the 18th instant, and to your telegram No. 54 of the 19th instant, I have the honour to transmit herewith copy of a letter

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which I have addressed to M. Isvolsky in regard to the protection which the Russian Government are prepared to afford to the Zil-es-Sultan, should his life or property and those of his family be endangered.

I have, &c.
(Signed) A. NICOLSON.

P.S.—Since writing the above, I have received a reply from M. Isvolsky, a copy of which I have the honour to inclose.

A. N.

Inclosure 1 in No. 100.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

Le 7 (20) Avril, 1907.

PAR votre lettre du 4 (17) Avril vous avez bien voulu me faire savoir que le Gouvernement Impérial est prêt à faire les démarches nécessaires, après un échange de vues préalable entre M. de Hartwig et Sir C. Spring-Rice, pour garantir la sécurité et les biens du Zil-es-Sultan et sa famille, à condition que le Prince reste fidèle à la dynastie du Schah et aux institutions de son pays. Votre Excellence a en même temps fait observer que le Gouvernement Impérial, en vue de la situation actuelle en Perse, ne peut se considérer lié par l'engagement susmentionné qu'aussi longtemps que le Zil-es-Sultan s'abstiendra de toute démarche pour se faire réintégrer dans son poste de Gouverneur-Général d'Isfahan.

Je n'ai pas manqué de transmettre à mon Gouvernement le contenu de votre lettre susmentionnée, et je suis autorisé à vous déclarer que le Gouvernement Britannique n'a aucune objection à ce que des instructions dans le sens indiqué par votre Excellence soient envoyées à M. de Hartwig.

Inclosure 2 in No. 100.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Saint-Petersbourg, le 10 (23) Avril, 1907.

EN vous remerciant sincèrement de la communication contenue dans votre lettre du 7 (20) Avril courant, au sujet de Zil-es-Sultan, je m'empresse de vous faire savoir que les instructions dans le sens convenu entre nous viennent d'être expédiées à M. de Hartwig. J'espère que Sir Cecil Spring-Rice est prévenu de la démarche que le Ministre de Russie est chargé de faire.

Veillez, &c.
(Signé) ISVOLSKY.

[13655]

No. 101.

Sir A. Nicolson to Sir Edward Grey.—(Received April 29.)

(No. 218.)

Sir,

St. Petersburg, April 22, 1907.

I HANDED to-day to M. Isvolsky the *aide-mémoire* concerning the measures which His Majesty's Government would be prepared to take for the protection of the interests and lives of British subjects in the south of Persia in case of emergency, and of which I submitted a copy to you in my despatch No. 182 of the 7th instant. M. Isvolsky read the *aide-mémoire*, and, as he made no observations, I did not consider it necessary to volunteer any remarks as to the details of the character of the protection which might have to be accorded, or as to the circumstances in which it might be considered necessary to occupy custom-houses.

I have, &c.
(Signed) A. NICOLSON.

[13657]

No. 102.

Sir A. Nicolson to Sir Edward Grey.—(Received April 29.)

(No. 220.)

Sir,

St. Petersburg, April 22, 1907.

WITH reference to your despatches Nos. 154 and 155 of the 17th instant, I have the honour to transmit herewith copy of an *aide-mémoire* which I communicated to M. Isvolsky this afternoon in reply to the *pro-memorid* of the Russian Government of the 2nd instant, respecting certain points in the draft Convention concerning Persia.

I explained to his Excellency that I had drawn up Articles III, IV, and V for the sake of convenience, and that it seemed to me that we were now practically very near the termination of the Convention respecting Persia. His Excellency agreed with me, and said that he must study the paper which I had left with him before giving a reply; and there was still the question of the two telegraph lines. I observed that I had submitted a draft Declaration on that subject to him, and was awaiting his reply. He said that there were one or two points connected with that question which he would probably have to mention to me, but that he did not desire to enter upon it at this moment.

I said that he would observe in the draft Articles which I now communicated no mention was made of "zones" or "spheres," as it was desirable to avoid employing those terms which might give rise to misapprehension.

His Excellency appeared to agree with this view.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 102.

"Aide-mémoire" communicated April 9 (22), 1907.

HIS Majesty's Embassy had the honour to receive the *pro-memorid* of the Imperial Russian Government, dated the 20th March (2nd April), 1907, in reply to the *aide-mémoire*, which was communicated by His Majesty's Embassy on the 25th February (10th March). The Imperial Government points out in its above-mentioned *pro-memorid* that the right of control over the Persian customs, in case of non-payment of the coupons, has been ceded to the Russian Government, by virtue of a contract concluded with the Persian Government, and that therefore it is necessary to decide whether that right could be ceded to a third Power, and whether the Persian Government would be justified in protesting against such a transaction. His Majesty's Embassy would beg leave to point out that the party to whom the collection of the pledged revenues was intrusted would merely be acting as the Agent of the other, and it would therefore not appear that the Persian Government would have any right to object to such a proceeding.

The Imperial Government also desired to be informed as to what rights His Majesty's Government possess of taking action in the event of the non-payment of the interest on British loans; and, consequently, what would be the responsibility incurred by the Russian Government should this contingency arise. His Majesty's Embassy beg leave to observe that the loan contracts concluded by the Imperial Bank of Persia with the Persian Government do not expressly provide for such a case, but the right of control in the event of non-payment may be held to follow inherently from the hypothecation of the revenues.

The *pro-memorid* of the 20th March (2nd April) further remarked that it would be desirable to omit all mention of "third parties" in regard to Concessions in the neutral zones. His Majesty's Embassy is authorized to agree with this omission, and also to reciprocally engage not to oppose, without a previous understanding with the Russian Government, the grant of Concessions to Russian subjects in those neutral zones.

His Majesty's Embassy would, therefore, suggest the following Articles connected with the above subjects, and which would be numbered Articles III, IV, and V of the proposed draft Convention. Articles I and II refer to the respective spheres, and on these an accord has already been reached, provided that the Russian Government consent to the rectification of the line of the Russian sphere of influence as requested by His Majesty's Government, viz., that it should terminate at Zulfiar and not at a point near Kuhsan.

"ARTICLE III.

"Russia, on her part, further engages not to oppose, without previous arrangement with Great Britain, any grant of Concessions to British subjects in the regions of Persia, outside of the lines mentioned in Articles I and II. Great Britain undertakes a similar engagement as regards the grant of Concessions to Russian subjects in the same regions of Persia.

"All existing Concessions within the lines mentioned in Articles I and II are maintained.

"ARTICLE IV.

"It is understood that the revenues of all the Persian customs, with the exception of those of Farsistan and of the Persian Gulf, guaranteeing the repayment and the interests of the loans concluded in Russia by the Government of the Shah, shall be devoted to the same purpose as in the past.

"It is equally understood that the revenues of the Persian customs of Farsistan and of the Persian Gulf, as well as those of the Caspian Fisheries and of Posts and Telegraphs, shall be devoted as in the past to the services of loans concluded by the Government of the Shah with the Imperial Bank of Persia.

"ARTICLE V.

"In case of the non-payment of the interest on loans contracted by the Government of the Shah in Russia, Great Britain would be prepared to undertake the collection and the remission to the Russian Government of the due proportion of the customs receipts or other revenues pledged to the service of such loans in the regions within the lines mentioned in Article II.

"In similar circumstances, Russia would be prepared to undertake the collection and remission to His Britannic Majesty's Government of the due proportion of the customs receipts or other revenues pledged to the service of the loans contracted by the Government of the Shah with the Imperial Bank of Persia in the regions within the lines mentioned in Article I."

[13667]

No. 103.

Sir A. Nicolson to Sir Edward Grey.—(Received April 29.)

(No. 230.)

Sir,

St. Petersburg, April 25, 1907.

I HAVE the honour to transmit herewith an interesting report by Colonel the Honourable H. Napier, Military Attaché to this Embassy, of an audience which he had to-day of His Majesty the Emperor. The observations of His Majesty in regard to Afghanistan are of interest at the present time.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 103.

Lieutenant-Colonel Napier to Sir A. Nicolson.

(No. 15. Confidential.)

Sir,

St. Petersburg, April 25, 1907.

I HAVE the honour to inform your Excellency that I was received in audience by the Emperor to-day on the occasion of relinquishing my post as Military Attaché. Owing to the advent of Russian Easter, this took place earlier than would otherwise have been the case.

His Majesty received me graciously, and asked me about my previous services. On hearing that I had been in Persia as Military Attaché, the Emperor turned the conversation on to that subject, and on to the personality of the Shah and of the Atabeg; he had not met the former, but the latter he knew and appreciated. He knew the people had endeavoured to stop his landing at Resht, but that had been satisfactorily disposed of, and the Atabeg would, he hoped, prove the strong man that the country needed. I took occasion to observe that it was very fortunate that Russia and England were now of one mind as regards Persian affairs, and that there had been a great deal of waste of energy in opposing each other on all points. His Majesty thoroughly agreed, and declared that he was very pleased to hear from M. Isvolsky of the favourable course of negotiations, and evidently considered that matters were settled as regards Persia. Referring to Afghanistan, His Majesty said that he was in favour of maintaining Afghanistan as a buffer State, but that there were some arrangements necessary in order to enable the neighbouring people to live in amity with each other. I presumed that His Majesty referred to arrangements for settling local frontier matters direct, to which he agreed, and added that also in matters of trade it was impossible in these days to build up a Chinese wall against one's neighbours. I ventured to say that our negotiations were a little complicated in view of the fact of the independence of the Ameer in relation to his own internal affairs, and that the policy of his late father had been to keep himself as free as possible from all such instruments of civilization as trade relations and ways of communication, such as railways, in order to preserve his independence. His Majesty remarked that he understood this, but of course there was no intention of aiming at the Ameer's independence.

Referring again to the subject of the good-will that was now being displayed between the two nations, His Majesty remarked that he thought it would take some time before the respective minor officials and agents of the two countries would work together, perhaps one year, but that once the Heads of Governments were agreed the others would soon come into line—in fact, there was nothing else for them to do. His Majesty then referred to the evil effect of the press: "When one reads the same calumnies day after day one's own ideas insensibly take the colour of what one reads, and the control of these irresponsible people who compose the newspapers is one of the most difficult questions of the present time."

His Majesty appeared to be in good health and spirits, and on bidding me good-bye graciously expressed the hope that we might meet again.

I have, &c.
(Signed) H. D. NAPIER, *Lieutenant-Colonel,*
Military Attaché.

[13677]

No. 104.

Sir F. Lascelles to Sir Edward Grey.—(Received April 29.)

(No. 170.)

Sir,

Berlin, April 25, 1907.

REFERRING to the reports published recently in the "Standard" with regard to a German-Persian Agreement, the "National Zeitung" announces that it learns from an authoritative source that no such Agreement has been arrived at between the German Minister in Tehran and the Persian National Bank. While this information of the "Standard" is therefore entirely without foundation, it is quite true, though rather ancient history, that the German Orient Bank has, as it has a perfect right to do, extended its sphere of activity to Persia. A representative of the German Orient Bank is on his way, with this end in view, to Tehran; but as he has not yet reached that city, no connection has as yet been effected between the bank and Persian financial circles.

I have, &c.
(Signed) FRANK C. LASCELLES.

[13880]

No. 104*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received April 29.)

(No. 97.)

(Telegraphic.) P.

Tehran, April 29, 1907.

EXTENSION of telegraph line from Seistan to Kuh-Malik-Siah.

Indo-European Telegraph Department has been asked by Persian Minister of Telegraphs to assist in furnishing material for construction of line, which is to be built by Persian Administration.

I have informed Russian Minister of this request.

[13634]

No. 105.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 55.)

(Telegraphic.) P.

Foreign Office, April 29, 1907.

NATIONAL Bank of Persia.

In reply to your telegram No. 94 of the 28th, we had not received your telegram No. 91 when we gave the following answer:—

“Reports as to German assistance in the establishment of a National Bank have reached His Majesty's Minister at Tehran; but they have so far not been confirmed.

[13936]

No. 106.

Treasury to Foreign Office.—(Received April 30.)

Sir,

Treasury Chambers, April 29, 1907.

I AM directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of Sir E. Gorst's letter of the 5th instant, inclosing a copy of a letter from the India Office of the 26th ultimo, in regard to Consular expenditure in Persia.

With regard to the proposed appointment of a Committee to consider the best method of adjusting in future years the claims between the Imperial and Indian Governments in respect of the establishments in Persia and Turkish Arabia, whether by the payment of a fixed sum to be agreed to for a term of years, or otherwise, I am to say that, in present circumstances, my Lords see no reason why existing arrangements should be disturbed, and they regret therefore to be unable to concur in the suggestion.

I am, &c.
(Signed) G. H. MURRAY.

[13880]

No. 107.

Foreign Office to India Office.

(Confidential.)

Sir,

Foreign Office, May 1, 1907.

I AM directed by Secretary Sir E. Grey to transmit herewith, to be laid before Mr. Secretary Morley, copy of a telegram from His Majesty's Minister at Tehran,* on the subject of the Seistan-Kuh Malik Siah telegraph line.

Sir E. Grey would be glad to be furnished with Mr. Morley's views as to whether it would be advisable to comply with the request of the Persian Government for assistance in providing material, or whether, now that Russian opposition is no longer to be anticipated, an attempt should first be made to induce the Persian Government to intrust the construction of the line, if not also its control, to the Government of India.

I am, &c.
(Signed) F. A. CAMPBELL.

[14252]

No. 108.

India Office to Foreign Office.—(Received May 2.)

Sir,

India Office, May 1, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of Sir F. Campbell's letter dated the 25th ultimo, forwarding copy of a despatch from His Majesty's Ambassador at St. Petersburg respecting the proposed transfer of the control over the Meshed-Tehran and Meshed-Seistan telegraph lines.

In reply I am to inform you that Mr. Morley concurs in Sir E. Grey's proposal to approve Sir A. Nicolson's language to M. Isvolsky with regard to the question of approaching the Persian Government in the matter, as also the language which he proposes to use should M. Isvolsky raise the point mentioned by M. Poklewsky as to British supervision being restricted to the portion of the Meshed-Seistan line within the British sphere.

I am, &c.
(Signed) A. GODLEY.

[14254]

No. 109.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 2.)

(No. 104.)

(Telegraphic.) P.

Tehran, May 2, 1907.

ORIENTAL Secretary was to-day informed by Amin-es-Sultan that he had accepted post of Minister of the Interior and President of the Council, on the condition that the Shah agreed to co-operate with the Assembly. He stated that Ministers had been made to swear allegiance to His Majesty and the Assembly, and that he himself would proceed to the House on the 4th instant and make a statement as to his policy, whose basis was, he declared, cordial co-operation between the Sovereign and his subjects.

[13594]

No. 110.

Foreign Office to India Office.

Sir,

Foreign Office, May 3, 1907.

IN your letter of the 26th ultimo respecting quarantine arrangements in the Persian Gulf, you state that Mr. Secretary Morley is in favour of an immediate communication being made to the Russian Government in the sense suggested by His Majesty's Minister at Tehran, but only subject to the condition that British revenues will bear half the cost of any necessary improvements.

As the expenses of the quarantine have hitherto been defrayed by the Government of India, this proposal will require the careful consideration of this Department and the sanction of the Treasury, for which it will be impossible to apply until the estimated cost is known.

Secretary Sir E. Grey proposes therefore to await the receipt of the estimates before taking any further steps in the matter.

I am, &c.
(Signed) F. A. CAMPBELL.

[14470]

No. 111.

India Office to Foreign Office.—(Received May 1.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs and, by direction of Mr. Secretary Morley forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 30th April, relative to the Hashmat-ul-Mulk and the Governorship of Kain.

India Office, May 3, 1907.

Inclosure in No. 111.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, April 30, 1907.

GOVERNORSHIP of Kain. Your telegram of 15th instant. In view of statement contained in telegram of 27th instant from His Majesty's Minister at Tehran, instructions have been sent to Sir A. Nicolson that it will suffice if matter is mentioned to Russian Minister for Foreign Affairs with indication of undesirability of such incidents. Sir E. Grey has brought to notice of Russian Ambassador facts relating to Hashmat-ul-Mulk's offer.

[14548]

No. 112.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 4.)

(No. 107.)

(Telegraphic.) P.

Tehran, May 4, 1907.

AMIN-ES-SULTAN went to Assembly to-day and made statement of policy, as mentioned in my telegram No. 104 of the 2nd instant.

[14743]

No. 113.

India Office to Foreign Office.—(Received May 6.)

Sir,

India Office, May 4, 1907.

IN reply to your letter of the 1st instant, forwarding copy of a telegram No. 97, dated the 29th April, from His Majesty's Minister at Tehran as to the Seistan-Koh-i-Malik Siah telegraph line, which the Persian Telegraph Department propose to construct, I am directed by Mr. Secretary Morley to inclose, to be laid before the Secretary of State for Foreign Affairs, copy of a Memorandum by the Director-in-Chief of the Indo-European Telegraph Department on the subject.

Mr. Morley would suggest that Sir Cecil Spring-Rice should be instructed to attempt to arrange for the construction and control of the line by the Indo-European Telegraph Department, the material collected by the Indian Telegraph Department at Robat being, if possible, utilized.

I am, &c.

(Signed) A. GODLEY.

Inclosure in No. 113.

Memorandum by the Director-in-Chief of the Indo-European Telegraph Department.

IT appears the Persian Telegraph Department proposes to construct the line from the Indian frontier at Robat up to Nasratabad, Seistan, and has asked the British Telegraph Department in Persia for assistance in providing material. There is no telegraph material available for the work in Persia, and as it must therefore be sent out from home there would be much delay about getting it to Robat. But the Government of India have in store at Robat all the material needed to construct this line, and it would be advisable that this material should be used.

The Persian Government have already objected to the use in Persia of telegraph material of the Indian Department's patterns, so that the pattern of the material at Robat will probably be put forward as a difficulty to its use.

An attempt should certainly be made to induce the Persian Government to intrust the construction of the line to the Government of India, seeing that the stores for it have been brought at much expense to Robat, and to carry other material there would mean useless expenditure and much delay. If the control of the line, when constructed, can also be arranged for, it would mean much greater efficiency in its working. It is

[14946]

No. 113*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 7.)

(No. 108.)

(Telegraphic.) P.

Tehran, May 7, 1907.

I HAD audience of Shah to-day to present letters of credence, and was afterwards received by the Valiahd. His Majesty showed great cordiality. I told him how glad you were to observe present concord between him and his subjects. His Majesty replied that he felt sure that this was the best policy for both. The country was, however, in a somewhat disturbed state at present. I assured His Majesty that His Majesty's Government had the welfare of Persia at heart, and would do their utmost to further it. His Majesty expressed his gratitude for the recent proof of our friendly dispositions towards him (in postponing demand for payment of interest on our loan).

[1741]

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probable, however, that the Persian Government will want the terminus of the line on the Persian side of the frontier at Robat, and to be connected with their office there on the Central Persia line.

(Signed) H. A. KIRK.

May 2, 1907.

[15014]

No. 114.

*The Euphrates and Tigris Steam Navigation Company to Foreign Office.—
(Received May 8.)*

*3, Salter's Hall Court, Cannon Street,
London, May 6, 1907.*

Sir,

WITH reference to your letters of the 27th February and the 26th March last on the subject of the Mouin-el-Tejar, my Board note with satisfaction that instructions have been sent by His Majesty's Minister at Tehran to the Consular officials on the Karun to use their best endeavours to secure perfectly even treatment for the steamers under our control and the steamer and barges of the Mouin-el-Tejar.

With regard to the Memorandum from Abbas Kuli Khan, mentioned in your despatch of the 26th March and inclosed therein, my Directors are not aware what action on their part the word "complaints," used in the despatch, refers to. In our despatch of the 29th October, the substance of which you inform us was communicated to the Mouin by direction of Sir C. Spring-Rice, we addressed ourselves merely to a statement made by the Mouin and transmitted by you to the effect that he had "in vain endeavoured to come to terms" with us. This was a complaint on his part, and our despatch was in answer to such complaint; but we made no complaint. My Directors are quite aware that the Mouin has all along been unable to come to terms with us, owing to the opposition on the part of the Persian Government. My Board would feel obliged if, under these circumstances, His Majesty's Minister would cause the Mouin to be informed of the misunderstanding which has evidently arisen in the communication to him of the substance of our despatch to the Foreign Office. Our desire is to be on good terms with the Mouin, and we are sorry that a misunderstanding of this nature has occurred.

My Directors would also be grateful if, with reference to the Memorandum of the Mouin dated the 7th February, that gentleman might be informed that he is quite mistaken in supposing that we have ever claimed any monopoly in the navigation of the Karun or that we are claiming it now. What we are claiming for is a fair field and no favour. No useful purpose would be served by commenting on the statements made by the Mouin as to his share in the development of the Karun enterprises. As regards the arrangement which the Mouin in his Memorandum infers that he was willing to make with us in respect of the Karun navigation, the facts are exactly as stated in our despatch of the 29th October, 1906. The Mouin definitely refused either to sign or in any way to signify his approval of any agreement between the Company and himself, even on the condition that it should be stated expressly that such agreement did not come into force until the consent of the Persian Government had been obtained.

The accusations said by the Mouin to have been made by us are not specified by him, and we are unable to guess to what he refers. It would seem that bad blood had been created between the Mouin and ourselves, and, if this has been the case, we can only express our regret.

We do not propose to comment here on the observations of the Mouin in regard to the buildings at Naseri and tramway transport further than to place on record that we differ from him on these matters and are prepared to state our case when needed.

In conclusion my Board would desire to make clear their position in these various matters. In the first place we ask for equal treatment, and nothing more. Secondly, we repeat that the Mouin refused to arrive at any arrangement with us even of a conditional character. Thirdly, that, as in the past, we have been willing and even anxious to come to terms with the Mouin, so we are equally willing now. Fourthly, that if the Persian Government permit the Mouin to run a steamer on the Upper Karun in opposition to their own steamer "Shushan," which is run entirely on

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their account and without any profit to ourselves, we have of course no objection, but merely ask that the debt owed us by the Persian Government on the working of this steamer should be liquidated, as any prospect of wiping it off would then have disappeared.

I have, &c.
(Signed) H. W. MACLEAN, *Secretary.*

[14743]

No. 115.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 57.)

(Telegraphic.) P.

Foreign Office, May 8, 1907.

SEISTAN-Kuh-Malik-Siah telegraph.

In reply to your telegram No. 97 of the 29th ultimo, there is no material for telegraph construction available in Persia, but at Robat Government of India have all necessary material in store. In order to save expense of dispatching from England and also to avoid delay it is desirable to use the store at Robat.

We hope that no opposition on the part of Russian Government need now be feared, and you should again try to persuade Persian Government to grant to Indo-European Telegraph Department the construction and control, pointing out increased efficiency which would be gained thereby. If possible use should be made of material now at Robat.

[14248]

No. 116.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 74.)

Sir,

Foreign Office, May 8, 1907.

I HAVE received your despatch No. 61 of the 27th March respecting the alleged Agreement of 1822 between the late Firman Firma and Captain Bruce with regard to the status of Balreim.

I approve the terms of your note of the 25th February to the Grand Vizier on the subject.

I am, &c.
(Signed) E. GREY.

[15166]

No. 117.

India Office to Foreign Office.—(Received May 9.)

r,

India Office, May 8, 1907.

WITH reference to Sir F. Campbell's letter dated the 19th April, 1907, relative to the question of renewing the contracts of the Indo-European Telegraph Department in Persia, I am directed by Mr. Secretary Morley to forward herewith, to be laid before the Secretary of State for Foreign Affairs, copy of a Memorandum on the subject by the Director-in-chief of the Department.

Mr. Morley agrees generally in the views expressed by Mr. Kirk, and he would propose, subject to Sir E. Grey's concurrence, that His Majesty's Minister at Tehran should be instructed, in accordance with the suggestion made in his telegram of the 17th April, to address the Persian Government in the sense of the 7th paragraph of Mr. Kirk's note, the Russian Government being informed of any action that may be taken in the matter.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 117.

Memorandum on the Renewal of the British Telegraph Conventions with Persia.

ON the 16th March last I wrote to the Director of Telegraphs at Tehran telling him that the Indo-European Telegraph Company had arranged in June 1906 with the Persian Government that the term of its telegraph Concession, which ran to 1925, should be extended for a further period of twenty years up to 1945. I pointed out that in 1891, after this Company obtained the extension of its Concession from 1905 to 1925, we also went to the Persian Government to have the British telegraph Concessions renewed for the same period, and that this was duly arranged. He was instructed to remind the British Minister at Tehran of what had taken place regarding the renewal of the British Concessions up to 1925, this action being taken in order that what happened on the last occasion of the renewal of the Company's Concession might not escape attention on this.

2. From the telegram of the 17th instant that has been received from the British Minister at Tehran it would appear that the present time may prove to be favourable for obtaining an extension of the British telegraph Concessions, as there would have to be a payment to make for their renewal, and money is very badly wanted by the Persian Government. In order to obtain the renewal of these Concessions in 1892 a present of 5,000*l.* was made to the Shah, and a watch of the value of 500*l.* was given to the Persian Prime Minister, this expenditure being debited to the capital account of the Indo-European Telegraph Department. At the same time the Persian Minister of Telegraphs was made a K.C.I.E. for his services in the matter.

3. In 1891 we obtained the extension from 1905 to 1925 of the two following Conventions:—

(1.) The Convention, dated the 2nd April, 1868, for the construction and working of the coast-line from the Persian frontier near Gwador to Jask.

(2.) The Convention of the 2nd December, 1872, for the working of the telegraph line from Tehran to Bushire.

Since 1891 another Telegraph Convention has been entered into, dated the 16th August, 1901, for the construction and maintenance of the Central Persia line, practically a telegraph line from Tehran to Robat on the Indian frontier. This Convention remains in force until 1925, or for such longer period as the debt due by Persia for the construction of the line remains unpaid.

4. It is necessary for the proper consideration of the British position as regards telegraphs in Persia to show what would happen if the extension of these three Conventions beyond 1925 cannot be arranged. Taking first the Jask Convention of 1868, its non-renewal would mean the loss to the Persian Government of an annual royalty of 3,000 tomans, equivalent at present to about 500*l.* The line would be of no use to the Persian Government, as it is a detached land line along the coast, and is used as an alternative to a cable. The Persian Government may therefore be expected to extend the Concession for this line, as there is nothing to be gained by not doing so, and its non-renewal means a direct loss of revenue. Coming to the Convention of 1872 for the working of the Tehran-Bushire line, should the renewal of it beyond 1925 not be granted, the Persian Government would be forced, under their Agreements with the Indo-European Telegraph Company, to hand over this section of the line to the Company, and for doing this they would receive no payment nor compensation of any kind. It is therefore to the advantage of the Persian Government to renew the Concession of the British Telegraph Department, if they can obtain a payment for doing so. It is also to the interest of the British Government that the Concession should be renewed, because the withdrawal of the British Department from this section of line would mean a loss of prestige and influence to the British Government. At the same time, as the Company that would take over the line is in Persia under the official protection of the Russian Government, there would be an increase of Russian influence in a part of the country where previously British influence had prevailed.

5. The Convention of 1901 regarding the Central Persia line extends to 1925, or for such longer period as the Persian Government may take to pay off the debt for its construction. This debt under the arrangement contained in the Convention would be paid off in thirty-three and a-quarter years from the completion of the line, and as the line will be completed this year the debt would be cleared off in 1940. It is laid down in the Convention that in 1925, or later, when the debt has been paid off

the Convention may, if necessary, be renewed or revised. It would seem, therefore, that if the Persian Government did not agree to the necessity of its renewal, the Convention would come to an end, and the line would have to be handed over to that Government to be worked by the Persian Administration, or by any one that the Government chose to appoint. This freedom of action might possibly result in arrangements being made that would seriously affect British interests. To explain how this might be done it has to be borne in mind that the Convention of 1872 allows the Indo-European Telegraph Department to resume charge of the section of line between Tehran and Khanikin, a town on the Persian frontier not far from Bagdad. This Concession would come to an end with the termination of the Convention of 1872 in 1925, and it does not become transferable to the Indo-European Telegraph Company under its Agreements like the charge of the Tehran-Bushire line does. This Company, recognizing the value of the Concession, has obtained a document from the Persian Government, in which it is told that there is no objection to the Company coming to an understanding with the British Government as to taking over and working this section of line. The document does not appear actually to bind the Persian Government to allow the transfer of the line, if it took place, to remain in force for the term of the Company's Agreements—that is, up to 1945—so that, should the British Concession for the Tehran-Bushire line come to an end in 1925, the Concession for the working of the Tehran-Khanikin section would apparently end at the same time, whether the British Department or the Company then possessed it. In this case, in 1925 the Persian Government could dispose of the Tehran-Khanikin line Concession in any way they chose. It is known that the German Telegraph Administration has been making inquiries regarding this line. It is possible that the Germans might obtain control of the line in 1925. It has been shown that the British Concession for the Central Persia line might be terminated at the same time, so that the Germans, even if they had to advance money to pay off any debt remaining on the Central Persia line, might obtain for themselves the Concession for working this line also from that time. We should then have the line from Bagdad through Tehran to the Indian frontier at Robat being worked under German control, which would be a very undesirable state of affairs as far as British interests are concerned.

6. I have shown that it would be to the interest of the Persian Government, for financial reasons, to renew the British Concessions of 1868 and 1872, and that it is advisable in British interests that they should be renewed, as also the Concession of 1901 for the Central Persia line. But we shall have to pay for these renewals, and the question is what should be paid. In 1891 we paid 5,000*l.* to the Shah, and gave a present of the value of 500*l.* to the Prime Minister for the renewal of two Concessions. If the grant of the renewal of these two Concessions still rests entirely with the Shah of which there would seem to be some doubt, since such matters may require the consent of his Parliament—similar amounts as on the last occasion might be offered for a renewal of the two Concessions. For the third Concession, relating to the Central Persia line, we have under the Convention to pay 1 per cent. on the capital expended on construction of the line subject to a minimum of 1,000*l.* per annum. When the account for the construction of the line is made up, this 1 per cent. will be more than 1,000*l.*, though how much more it is impossible to say until the accounts are made up. For the renewal of this Concession we might anticipate the annual payment of 1,000*l.* to the Persian Government, and pay 10,000*l.* at once as an advance, being the equivalent of ten annual payments. The difference between 1,000*l.* and the sum that 1 per cent. on the capital cost of the line will amount to will also be paid yearly to the Persian Government for the same time. The Indo-European Telegraph Company advanced 40,000*l.* for the late renewal of its Concession to 1915, but this advance has to bear interest. I have proposed an advance of 10,000*l.*, but if a smaller advance should be accepted so much the better.

7. When the question of these renewals is raised with the Persian Government it might be pointed out that, as they have renewed the Company's Concession for twenty years, it will be according to their previous custom if they now renew the British Conventions for the same term, and that this is our reason for applying for them. It could be explained that the 1868 Convention provides the Persian Government with a royalty of 3,000 tomans, and that the non-renewal of the 1872 Convention would mean the handing over to the Indo-European Telegraph Company of the Tehran-Bushire line without payment of any kind. As to the Central Persia line, it could be pointed out that it has been constructed, as shown in the Convention

relating to it, for an alternative line to the Tehran-Bushire one, so that it is only reasonable and right that the Conventions for the two sections should have the same limit of time. As to the payments or advances to be made for these renewals, it seems to me they will have to be arranged with reference to the authority in Persia, who can now sanction them. If this should prove to be the Shah alone, the matter will probably be more easily carried out.

(Signed) H. A. KIRK.

April 25, 1907.

[15143]

No. 118.

The Persian Transport Company to Foreign Office.—(Received May 9.)

3, Salter's Hall Court, Cannon Street,
London, May 8, 1907.

Sir,

I HAVE laid your letter of the 25th March, with inclosures, before my Board, and have now the honour to submit to you the views of my Directors thereon.

1. The proposal made by the Board was not that "Messrs. Lynch Brothers should manage the road," but that its repairs and upkeep should be placed into the hands of the Persian Transport Company, on the Board of which His Majesty's Government is directly represented, and which includes two former Military Attachés at Tehran, both of them of great local experience. Messrs. Lynch are local agents for the Company at Ahwaz, and the disbursements, as well as the general arrangements and the work involved therein, would be made and supervised by them, acting under the instructions of the Board. But it would be officials appointed by the Board who would execute the work on the road, and who would come into contact with the Bakhtiari Chiefs. The Board have already in their employ one Civil Engineer (member of the Institute of Civil Engineers), an English gentleman, who has now gained considerable experience of Persia. It is, of course, competent to it to add to the staff. My Board see no reason why they should not be able to undertake the work of repairs and maintenance of the Bakhtiari Road in conjunction with their other roads. The suggestion in the despatch is that unfriendly feeling exists between the Khans and the local agents at Ahwaz. If such feeling be due to any fault of the local agents, and the Vice-Consul will report the grounds for his suggestion, the matter will be strictly investigated by the Board. The local agents report to the Board that their relations with the Khans are and have always been very friendly, and the fact that private orders for sporting guns, &c., are always being made through these agents by the Khans, as well as applications for loans, would seem to show that this is the case. What the Khans object to, as my Directors understand, is not the demeanour or the conduct of the local agents, but the bill for the construction of the road, which they always demurred to paying, and the pressure brought upon them to keep the road in repair. The first of these "bones of contention" can be removed, or its effects mitigated, by payment, on behalf of the British and the Indian Governments, of a portion of the original cost—a trifling charge as compared with the cost of the scheme proposed by the Vice-Consul; and the second by the repair and upkeep of the road being handed over to the Transport Company. That Company has taken over the debt due by the Chiefs on the road, as well as the original agreement between Messrs. Lynch and the Khans, one of the provisions of which is that any engineers required on the road shall be supplied by Messrs. Lynch.

2. Captain Lorimer's statement that the Khans object to foreign influence in their country is most misleading in the unqualified form in which he makes it. Some of the Chiefs may object to the road as such, on the ground that it introduces foreign influence, but all recognize that, if they are to have a road with its revenues, the presence of a foreign interest in the undertaking safeguards them from confiscation and exactions on the part of the Persian Government of a nature to ruin the enterprise. They were quite frank about this when Mr. Lynch opened the negotiations with them in their own homes, which resulted in the building of the road. The following figures show

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the benefit derived from this road (a) by the Chiefs, and (b) by British and Indian trade:—

(a.) *Revenues paid to the Chiefs:—*

| | £ |
|-------------------------|-------|
| 1900 | 1,090 |
| 1901 | 1,527 |
| 1902 (not ascertained). | |
| 1903 | 1,418 |
| 1904 | 1,818 |
| 1905 | 2,365 |
| 1906 | 2,400 |
| 1907 | 3,100 |

(The rate of exchange has been reckoned at 55 krans = 17.)

(b.) *Trade over the road up and down:—*

| Year. | Number of Animals. | Number of Packages. | Weight in cwt. |
|--------------|--------------------|---------------------|----------------|
| 1901 | 2,620 | 1,795 | 2,039 |
| 1902 | 5,136 | 11,910 | 10,980 |
| 1903 | 5,237 | 6,446 | 8,187 |
| 1904 | 7,392 | 12,531 | 15,057 |
| 1905 | 6,407 | 14,034 | 17,560 |
| 1906 | 9,827 | 19,907 | 25,623 |

3. Captain Lorimer suggests that Messrs. Lynch should be asked to contribute to the working of the road by the Indian Government. Messrs. Lynch are, however, with the interests allied to them, the only parties who stand to lose over the enterprise. The following figures show the losses of the River Company in keeping the Karun open, without which the road would be impossible, as certified by auditors approved by Government:—

Net Losses to the Company.

| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
|-------------------------------------|-------|----|----|-------|----|----|--------|----|----|
| For 1888-89.. .. | .. | .. | .. | .. | .. | .. | 5,933 | 1 | 1 |
| From 1889 to 1901 | .. | .. | .. | .. | .. | .. | 22,935 | 18 | 4 |
| For 1902 | 1,013 | 14 | 7 | | | | | | |
| " 1903 | 710 | 2 | 1 | | | | | | |
| " 1904 | 1,003 | 5 | 5 | | | | | | |
| " 1905 | 2,002 | 15 | 9 | | | | | | |
| " 1906 (about) | 490 | 0 | 0 | | | | | | |
| | | | | 5,249 | 17 | 10 | | | |
| | | | | | | | 28,185 | 16 | 2 |
| Total net loss from 1888-1906 | .. | .. | .. | .. | .. | .. | 34,111 | 17 | 3 |

As regards the road itself, the actual sum recoverable from the Khans for disbursements out of pocket on construction, less payments made by the Khans on account, and with interest on arrears, amounted in March of this year to 10,117*l.* 5*s.* 1*d.* This does not include repairs done from time to time. Against these sums expended, without a shilling of profit or charge for management or administration, there is nothing whatever to set on the other side as having come from the road, except a possible slight excess of receipts over expenditure in forwarding goods up-country—a business which involves the leaving of thousands of pounds at one time in the hand of muleteers and camelteers. Under these circumstances, Messrs. Lynch and allied interests may reasonably expect some future returns from their enterprise, rather than further sacrifices.

4. My Board do not consider that the substitution of Vice-Consul Lorimer, assisted by a Superintendent and the necessary staff, for themselves and for the several organizations with which they act in concert, would necessarily improve the situation in any way, while it would certainly cost more. Should, however, the Government of India desire themselves to take over this Company's interest in the road, my Directors

will do their utmost to fall in with their wishes, in which case they would request early information as to such a proposal. The alternative suggestion proposed by Major Cox, namely, that the Chiefs should engage an engineer from the Government of India, or from His Majesty's Legation at Tehran, is open, among others, to the serious objection that it cuts the connection between the Chiefs and the Transport Company, a purely British institution, now possessing the sole right of sending such an engineer. It might well happen that the Chiefs would argue in future that they had a right to engage engineers where they pleased.

5. In conclusion, my Board are of opinion that the best and cheapest course for all parties concerned would be an early settlement of all outstanding questions between the Chiefs and the Company, to be accompanied by a working arrangement for the future upkeep of the road, of a nature in consonance with the existing agreement, but placing the repairs in the hands of this Company. The proper moment for such a settlement and new arrangement would have to be watched, and in a sense prepared for. The questions of caravanserais and of supplies could be dealt with either at the same time or subsequently.

I have, &c.
(Signed) H. W. MACLEAN, *Secretary.*

[15195]

No. 118*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 9.)

(No. 111.)

(Telegraphic.) P.

Tehran, May 9, 1907.

SEISTAN—Kuh Malek Siah telegraph line.

Your telegram No. 57 of the 8th May. Arrangement for construction and control by Indo-European Telegraph Department would be difficult in view of existing feeling against foreign Concessions. No revenue, moreover, would be yielded, as messages inside Persia bring no profit to Department.

Following would, I think, be best course:—

Wooden poles would cost Persian Government about 8,000 tomans, and material now stored at Robat is worth about double this sum with carriage. Department might say in reply to Persian inquiry that they would give their iron posts at the same price as wooden ones, and offer at the same time to lend experts to assist in construction. Line, when once built, could be maintained at small cost by Department, who have some of their men working on the spot.

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No. 119.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 69.)

Sir,

Tehran, April 11, 1907.

I HAVE the honour to acknowledge the receipt on the 7th instant of copy of a draft Convention relative to Persia, communicated by M. Isvolsky on the 20th February.

It is clear from the date and manner of the communication that my opinion on this proposed Arrangement is neither invited nor desired. At the same time it appears to be my duty, as laid down in the King's General Instructions, to advise you as to the probable effects of such an Agreement upon British interests in the country in which I reside and where the Agreement is operative.

I assume that the amendments desired by you are carried into effect and that Russia is debarred from eventually exercising control over the coast-line outside the Gulf and the frontier adjacent to Afghanistan and Baluchistan, and also that British Concessions lying within the Russian sphere are maintained. Some of these Concessions, as the D'Arcy Oil Concession, the Khanikin telegraph-line, and the Sultanabad-Dizful road, are not yet exploited, either wholly or in part. I presume that British interests in this respect will be fully safeguarded, and that it will be clearly laid down that not only are existing Concessions to be maintained, and to be held entitled to the fullest diplomatic support, but that they can be renewed if so desired. This point is of importance, in view of the fact that while the Concession of the Telegraph Company has been renewed to 1915 the Indo-European Telegraph

Department's Concession expires in 1925, and should be renewed like that of the Company for another twenty years. It would also be of importance to receive some security that the telegraph-lines now being worked by British enterprise are not redeemed by purchase by the Persian Government in order to be transferred to other hands. Another point which vitally interests British enterprise is that the Russian Bank should be precluded from acquiring the monopoly of the import of silver for coinage purposes which they demanded some years ago, and which would render nugatory the note monopoly enjoyed by the Imperial Bank.

The right at present held by Great Britain of administering the quarantine service in South Persia is of great importance, as if allowed to fall into other hands it would probably be exercised to the detriment of British trade. In view of the hostile attitude of Russia and her Belgian agents towards the British quarantine service, it would be a wise precaution to secure her formal adhesion to a continuance of the present Arrangement.

With regard to the effect on popular opinion here of the publication of such an Agreement as the present Convention, there cannot I think be any reasonable doubt. It will simply be regarded as a Treaty for the partition of Persia. It will be observed that there is no formal and definite pledge as to the integrity and independence of Persia, but merely a reference in the preamble to the existing engagements, which are, as is known, of an informal nature. It was hoped that any Agreement between Russia and England would contain a formal engagement to maintain these principles, and the resulting disappointment will be considerable. It will also be observed that the two Governments are animated by the desire to maintain order throughout Persia, and to establish equal advantages for trade; that they recognize "their mutual interests in maintaining peace and order in certain provinces;" and that each pledges itself not to seek Concessions within a certain zone which is reserved for the other. It will be concluded from these expressions that the two Governments arrogate to themselves the right of maintaining order in the Shah's dominions, and also of acquiring exclusive Concessions in certain provinces, which become a sort of special preserve.

In view of the strong current of public opinion which now prevails, and which is hostile to any foreign Concession, or any species of foreign control, the publication of an Agreement of such a nature as this, and couched in such terms, cannot fail to produce a very strong impression. Any foreign country, not directly concerned in the Anglo-Russian Agreement, would undoubtedly be able to reap considerable advantage from the odium which would certainly accrue to the Contracting Parties; and they should be prepared for such an eventuality. It will be urged by those hostile to the influence of Russia and England here, of whom there are many, that the two Empires have agreed together to connive at the acquisition of the widest possible rights, "Concessions of whatever nature, political or commercial," by England or Russia in by far the largest and richest part of the Persian Empire, mutually abandoning to one another the exclusive privilege of exploiting the assigned provinces. I consider it my duty to point out to you what, indeed, is evident, and has already been repeatedly brought to your notice, that public opinion in Persia will be deeply stirred by what will be regarded as a partition of the Empire, and a claim to exercise control over the sovereign rights of the State, and that a great impetus will at once be given to the already existing anti-foreign sentiment, which has hitherto been kept in control, though with constantly increasing difficulty; and I also beg to add that there is reason to fear that this feeling will be all the more bitter against England in proportion to the hopes which have been centred in her, and the belief in her friendly sentiments and sympathy, which have so long prevailed, especially among the popular classes, who have looked to the Liberal Government of England to protect them against the encroachments of Russian autocracy.

With regard to the practical value and effect of the Agreement if concluded, I do not believe it will either accelerate or retard the advance of Russia in this country. It is interesting, however, as giving an indication to what are Russia's designs, namely, to construct a line towards Herat by the route surveyed by M. Lessar on the left bank of the Heri Rud to Kulsan, to commence the line along the easy alignment towards the Gulf of Oman already surveyed, via Kashan and Yazd, and to construct the connecting line between the Caucasian system and the Bagdad Railway, via Tabreez, Hamadan, and Khanikin, which is no doubt already agreed on with Germany. By the time these lines are finished the position of Russia will be so strong that even if the Convention has still some time to run, it will be a case for the application of Count Lambsdorff's doctrine that "when circumstances are no

longer the same, former Agreements cannot be considered as binding." It will, however, be a matter of some difficulty for Russia to carry out this programme under her own authority. To judge by present appearances, the Persian Government will resolutely refuse to grant any Concessions whatever to foreigners. The Assembly will attempt to develop the resources of the country by assigning Concessions to native Companies, which no doubt will seek foreign help, but will naturally be averse to applying directly either to Russia or Great Britain. But the alignment to be followed by railways or roads will probably be decided by the Power which possesses the control over the seat of the Government. There is no doubt which Power it is. Russia has given us a seat on the saddle, but she sits in front and holds the bridle. You emphasize this point of view when you express the desire to neutralize the seat of Government. But I venture to point out that this can only be attempted by a series of provisions forbidding Russia to advance money to the Government, or increase her guards, or organize the army under Russian officers, or resort to the innumerable means of influence, direct and indirect, of which she at present disposes. And I venture to add that, even if Russia consented to the insertion of such provisions in the Convention, they would be useless. Nothing could be more abundant and precise than the series of self-denying provisions of this nature contained in the Korean Agreements between Japan and Russia of 1896 and 1898. But these did not prevent the Russian officials on the spot from resorting to naval demonstrations, acquiring control of the Korean Government by flattery and menace, from attacking the Japanese bank-note monopoly, or from attempting to obtain possession of strategical positions and of the control of the coinage, mining rights, and general financial administration of the country.

I venture to express the opinion that no pledge of this character would be of much value, and that nothing will prevent Russia from obtaining complete control over the Persian Government except the resistance of Persia herself, and her own reluctance to overcome that resistance by force. It appears evident that the Persian people will resist, nor will their resistance be diminished by the fact that England will be held to have abandoned their cause. But we cannot expect that their resistance will be in the interests of Great Britain; and we cannot hope to obtain a very favourable hearing to our own demands. I cannot but regard the situation of British interests in North Persia, and indeed over the whole Empire, as likely to be precarious after the conclusion of the Agreement; and I trust that their owners will be warned to look for protection not to Tehran but to St. Petersburg.

Although in a sense the Convention only recognizes what already exists, and what we cannot prevent, namely, the immense preponderance of Russia in Northern Persia and in the capital, its publication will, I think, produce a considerable effect on the general situation. It will imply the definite withdrawal of England from the diplomatic struggle at Tehran on which the Persians have so long relied as the safeguard of their independence. And it will no doubt cause a feeling of fear and indignation, which will very probably take the form of an appeal to other countries for assistance. It is not probable that assistance will be granted in any practical form. The only hope for Persian independence lies not in foreign help, or Treaties or Conventions, but in the Persian people themselves, and in their newly-acquired sense of dignity and patriotism, and perhaps in the solidarity of all Mussulmans. His Majesty's Government can hardly desire to place themselves in public opposition to such a sentiment. But from what I hear I have good reason to believe that the Agreement between England and Russia will be classed with that between England and France as an anti-Mussulman combine, and that an appeal will be made to Mahomedan feeling all over the world.

I venture therefore to suggest that, simultaneously with the publication of the Agreement, such explanations will be publicly made as will show clearly what is the real object of the Agreement, and that it was never intended in any way to lead to the partition of the Persian Empire, or the spoliation and enslavement of the Persian people.

I have, &c.
(Signed) CECIL SPRING-RICE.

[15430]

No. 120.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 70.)

Sir,

Tehran, April 15, 1907.

I HAVE the honour to acknowledge the receipt of your despatch No. 42 of the 20th ultimo informing me of the advice given to various missionary bodies to abstain from proselytism in Persia. I have the honour to express my thanks for the action which you have taken in this matter.

Bishop Stuart is at the present moment staying with me, and I have taken the opportunity of speaking to his Lordship on the subject of the conditions under which missionary work is at present carried on in Ispahan.

I pointed out to him that the departure of the Zil-es-Sultan had made a great difference in those conditions; that the government of the town was largely in the hands of the fanatical Mullahs, who had recently scored a considerable victory, and that at any moment an explosion might take place. It was therefore, I said, very undesirable that the missionaries should lay themselves open to the charge of proselytizing, which was, of course, contrary to one of the first principles of Mahomedan law. What I thought especially dangerous was the reading of Christian prayers as part of the class-work in the schools, or allowing the presence of male teachers in the female classes. I pointed out to him that the best hope of securing protection for the schools was to appeal to the more enlightened Mujteheds here, and that, in order to be able to do this with success, I must be in a position to assure them that the schools were conducted, like the American high schools, on purely undenominational principles.

Bishop Stuart was good enough to listen to my observations with attention, and expressed his desire, as he said, to "ca' canny," and not to excite the hostility of the local fanatics. He exposed to me, however, with great candour the difficulties of the situation. The Church Missionary Society had founded a branch at Ispahan for the purpose of proselytizing among Mussulmans. That was the object of their schools, their hospitals, and their dispensaries. That was the reason why they had transferred operations from the Armenian to the Mussulman quarter. That was their business in Persia. On the other hand, he was aware that proselytism was forbidden by Mussulman law, and that conversion to the Christian faith was punishable by death. The Foreign Office had, he knew, informed him in August 1894 that His Majesty's Government had been unable to induce the Shah to withdraw his opposition to any attempt at proselytizing among Mussulmans, and had warned him as to the importance of exercising the greatest caution. There was a conflict between the local law and his duty to his Society, and all that he could promise was that he would do his best to comply with the warning, and not to excite more hostility than was necessary under the circumstances.

I observed that I had a great admiration for his devotion to duty, and especially for the courage with which his proselytes faced the imminent danger of death, a danger which I hoped would not extend to the proselytizer. I added that, from the point of view of worldly prudence, it was my duty to point out to him that his devotion to his duty might possibly entail very serious consequences for lay fellow Christians who had come to this country more with the purpose of gaining their livelihood in worldly avocations than of winning the martyr's crown. I said, in conclusion, that His Majesty's Government had stated their firm intention not to dispatch a military expedition for the protection of British communities in Central Persia, and that, this being so, it was only prudent to act with circumspection.

I have every hope that the Bishop will act with caution, "until," as his Society expresses it, "the present storm has spent itself, and the fit occasion for renewing cautious aggressive work will return." You will observe, however, that the situation is rather a difficult one; for His Majesty's Legation has to protect a British Society which has been founded in Persia for the express object of inducing Persian subjects to break the law of Persia and commit a crime punishable by Persian law with death. It is carrying out this object under the cover of schools, hospitals, and dispensaries, to which Persian subjects are invited, and resort in great numbers for the obvious mental and bodily advantages which are proffered. These benevolent institutions are carried on with no other object than proselytizing, and the Societies would, as they state themselves (see their letter of the 1st March, 1894), have not established the missions at all except for the purpose of evangelizing among Mussulmans; and any

remonstrance as to the danger involved in these proceedings—a danger which is shared by persons who have nothing whatever to do with them—is met by the just rejoinder that the objects of the mission are perfectly well known to His Majesty's Government.

I should add, from the practical point of view, that the Persians themselves have no just cause for complaint; for, owing to the activity and self-sacrifice of the Missionary Societies, they receive the advantages of an excellent education at low charges, as well as free medical attendance, while the toll of proselytes supplied by the Mussulman community is an extremely small one as compared with the number of pupils and patients.

I venture in this connection to ask your attention to an incident which lately occurred at Resht, and which appears to me significative. His Majesty's Vice-Consul informed me that an accusation had been brought against Mr. Schuler, of the American Mission, on account of proselytizing. I consulted the American Minister, and telegraphed to Mr. Rabino, suggesting that, in view of the excited state of public opinion, Mr. Schuler should close his school temporarily. I received shortly afterwards a private letter from M. Hartwig, the Russian Minister, saying that he had information to the effect that Mr. Rabino and Mr. Schuler had been conspiring together against Russian interests, and that the Russian Government could not tolerate such proceedings "dans une province limitrophe de la Russie." I at once communicated with M. Rabino, who entirely denied the truth of the accusation. He added that he had applied to his Russian colleague, with whom he was on the best of terms, to ask him how such an accusation could possibly have arisen. His colleague assured him in the most friendly way that he had no idea, that they were excellent friends, and that he had no cause whatever for complaint. I communicated this fact to my Russian colleague, adding that Mr. Rabino was a Catholic, and not at all likely to conspire with an American Presbyterian against Russian interests. M. Hartwig replied, stating that the accusation had been formally made by the Russian Consul at Resht. Mr. Pearson, the American Minister, whom I informed of the incident, called on M. Hartwig, who told him that Mr. Schuler and Mr. Rabino had held meetings with some Persian malcontents, at which language hostile in the highest degree to Russia had been held, and at which a regular campaign against Russian commercial and political interests had been organized.

Mr. Pearson told me that M. Hartwig spoke to him with such severity that "he felt inclined to remind him that his Government was not a party to the Anglo-Russian *entente*." He added that he knew Mr. Schuler and entirely disbelieved the truth of the allegations. As the Russian Consul denies having made it at all it is difficult to proceed with an inquiry, and I have contented myself with assuring M. Hartwig that Mr. Rabino's sentiments towards Russia were as friendly as my own, and that in view of the positive instructions of His Majesty's Government it was quite out of the question that any of our Consuls could act as he had been informed Mr. Rabino had acted.

On talking over the matter with M. Hartwig and with members of the American Mission, I was struck with the fact that it seems to be taken for granted by both parties that their mutual attitude is one of hostility. The Americans explain the hostility of the Russians towards them by the fear lest the Mission schools should play the same rôle in Persia as they had played in Bulgaria, and educate the rising generation in the spirit of independence and progress, principles which are regarded as hostile to the spread of Russian influence in this country. However this may be, there is no doubt of the profound hostility of the Russian Legation and Consulates to Protestant Mission work, a hostility which found frequent expression during the Urmi negotiations, and which, I fear, should Russia assume control of the Persian Government, will have a very deterrent effect on British and American Mission work in North Persia.

As I have pointed out, the Mission work is technically illegal, and it would always be easy to rouse the fanaticism of the local priests against the Mission schools, if it was believed that the sentiment of the ruling Power was a hostile one.

I have, &c.

(Signed) CECIL SPRING-RICE.

of the Company runs, therefore, to 1945. When in 1891 the Company obtained the renewal of its Concession from 1905 to 1925, the Department also applied to the Persian Government for a similar renewal. The Persian Government agreed to this, and the Concessions of 1868 and 1872 were renewed up to 1925. Since then the Department has obtained the Concession for the Central Persian line, which remains in force until the 1st January, 1925, or for such longer time as the debt due by Persia for the construction of the line remains unpaid.

As matters now stand, the Company which is, as you are aware, under Russian protection, has a Concession for a line from the west to Tehran running until 1945; while the Department's Concession for their lines, which connect Tehran with Bushire and India, expires in 1925.

The Department's lines run partly through the district which is said to be reserved for Russian enterprise, and I ventured to telegraph to you, Sir, in order to suggest that, if negotiations are taking place in St. Petersburg on the subject of Anglo-Russian relations in Persia, it might be convenient if the Russian Government were informed that it is the intention of the British Government to apply for the extension of the telegraph Concession of the Indian Telegraph Department.

The moment is an opportune one for an application, as the Persian Government is in much want of funds; but I have not mentioned the subject here in the absence of recent information as to what arrangements, if any, are being made with Russia.

I have, &c.
(Signed) CECIL SPRING-RICE.

[15453]

No. 123.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 7. Commercial.)

Sir,

Tehran, April 19, 1907.

I HAVE the honour to inform you that Dr. Schneider, the French doctor who is President of the Sanitary Council, has announced his intention of leaving Persia. It is not certain who his successor will be. The matter is one of some importance to British interests, as the Sanitary Council, under Dr. Schneider's presidency, has exercised a considerable degree of control over the sanitary arrangements of Persia. In compliance with the promptings of his Minister, Dr. Schneider has recently adopted a friendly attitude towards British interests, and has done his best to smooth over the difficulties which are apt to arise in connection with sanitary measures in Southern and Eastern Persia.

You are aware that the Russian authorities have always paid particular attention to questions of quarantine, on the ground that Russia is more nearly affected than any other country. There has also been another reason for their interest in this question, namely, the political and commercial control, which naturally devolves from the control of sanitary measures. They have, according to their habit, made use of the Belgian Customs officials in order to combat British interests, and on more than one occasion this has led to regrettable incidents.

Recently the Russian Consul at Bunder Abbas has openly shown its hostility to the British sanitary control in the Persian Gulf, and with the coming change in the presidency of the Sanitary Council the question may again come to the fore as it did in 1904.

The present arrangement dates, as you are aware, from 1897, and has, on the whole, worked well. The cost to the Persian Government was less than 100l. per month, and a special expenditure of 20l. a month was borne by the Government of India. Dr. Schneider, however, points out, in connection with the demand that a sanitary station should be established at Henjam (see my despatch No. 1, Commercial, of the 1st January), that it would be prudent if the Indian Government should increase the efficiency of the sanitary service. I am in communication with the Indian Government on this subject.

It appears to me that if negotiations are taking place in St. Petersburg relative to the relations between Russia and England in Persia, attention might be profitably paid to the serious question of quarantine.

This question has repeatedly given rise to serious difficulties between the two Governments, and unless it is settled in some definite and satisfactory manner renewed difficulties are likely to occur.

I venture to suggest that the service should be strengthened and rendered more efficient at the expense of the Government of India and the British Government in proportion to the Imperial or Indian interests involved. It is out of the question to expect Persia either to improve the service herself or to pay for its improvement by us. The fact that the service is efficient, and that it is to a large extent paid for out of British funds, would give us an incontestable right as against the demands which have been frequently advanced by the Russians or their Belgian agents, and by the French Government as representing the Conference of Paris.

At the same time I venture to suggest that the Russian Government be informed that, in view of the very considerable trade interests we possess in Southern Persia, we cannot allow the control of quarantine to pass out of our hands, and that the International Sanitary Commission in Tehran will supply an effective means of control in case it should ever be suspected that the British medical officers were paying more attention to the interests of British trade than the sanitary defence of Persia and Europe.

The Sanitary Council now sits once a month. It consists of five French members, including the President, three English, one American, one German, one Russian, one Austrian, five Persians, and one Belgian Customs official. It has therefore an eminently international character, and in wise hands could form a valuable Commission of control.

With regard to the more serious question of quarantine measures on the eastern frontier, I presume that arrangements will be made, in consultation with the Government of India, with the combined object of preventing foreign interference on the Afghan frontier and securing an efficient sanitary service, in view of the danger of infection from India overland, which, as is acknowledged by the British authorities, has been on several occasions the path followed by epidemics of plague and cholera.

Although it is not my province to submit a proposal on this subject, it appears to me that the course which would recommend itself naturally is a combination between British executive officers and international control exercised through the Persian Government by the Sanitary Council of Tehran.

In conclusion, I would venture to point out that the interests of Great Britain, as an island at the extremity of Europe, are more of a commercial than a sanitary character, while Russia, who is the first country on the path of infection, is vitally interested in the efficiency of sanitary measures. I think that in any negotiations on the subject this fact should not be lost sight of, but it is unfortunately true that the sanitary question has too often been used as a mere pretext for pursuing political aims.

I have, &c.
(Signed) CECIL SPRING-RICE.

[15434]

No. 124.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 74.)

Sir,

Tehran, April 21, 1907.

WITH reference to my telegram No. 76 of the 14th instant, I have the honour to transmit herewith copy of a despatch which I have received from His Majesty's Consul-General at Bushire, on the subject of the Karun irrigation scheme.

As I informed you in my telegram above referred to, I have adopted a neutral attitude towards the Dutch project, and the determined opposition of the Sheikh of Mohammerah towards it, and his wish to combine with us to carry out the scheme, somewhat complicate matters.

In view of the attitude of the National Assembly towards all foreign enterprises in Persia, any early development of the Dutch international scheme seems highly improbable. I have explained to the Netherlands Minister that the scheme cannot hope to succeed without the active assistance of the Sheikh, on whom the promoters would have to depend for labour and protection. The Sheikh will probably be in a position to dictate his own terms, unless he is interfered with from Tehran, and in that case I presume that I shall be authorized to intercede on his behalf.

Meanwhile it seems likely that the Sheikh's expressed wish, that conditions in his territory should remain as they were, will not be thwarted in the near future. I shall continue to keep Bushire informed of any developments here.

I should be grateful to be informed whether Messrs. Lynch or any other British capitalist are in treaty with the promoters of the Netherlands scheme. I presume that they will not put their money into it until they have received some sort of guarantee that the scheme is likely to be a paying one. The balance of evidence is not at present in its favour.

I venture to add that the Nizam-es-Sultaneh, who is a large proprietor in the neighbourhood of Ahwaz, is of the opinion that the population is not at present sufficiently large to cultivate the existing area of arable land, and that a large irrigation scheme could not pay, as sufficient hands were not to be found to cultivate the new land reclaimed.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 124.

Major Cox to Sir C. Spring-Rice.

(Confidential.)

Sir,

Bushire, March 17, 1907.

I HAVE the honour to forward, for your Excellency's information, a copy of a letter which I have addressed to the Government of India, on the subject of the Karun irrigation scheme.

I have, &c.
(Signed) P. Z. COX.

Inclosure 2 in No. 124.

Major Cox to Government of India.

(Confidential.)

Sir,

Bushire, March 17, 1907.

WITH reference to the despatch on the subject of the Karun irrigation question, I have the honour to report that during a conversation I recently had with the Sheikh of Mohammerah the latter referred anxiously to this topic.

He repeated the request which he made to me once before, to be kept posted from time to time as to what was passing, and as to the attitude of the British Government towards the scheme. He continued that personally he would much prefer that conditions in his territory should remain as they were, except for the amount of irrigation he might be able to carry out on the banks of the river by means of machine pumps, with which he is now experimenting; but that if a comprehensive irrigation scheme was inevitable he wished to manage it himself, under our guidance and with our co-operation, and would oppose the acquisition of a Concession by any foreign or Persian Syndicate. He laid stress on the possibility of a Persian Company obtaining a Concession independently of himself. In this connection, having regard to the statements made to His Majesty's Minister by the Moin-et-Tujjar, it seems possible that Sheikh Khazal does not altogether trust the Moin, and thinks that through the instrumentality of the National Assembly he may be playing selfishly for his own hand, to the prejudice of his (Sheikh Khazal's) interests. This, however, is merely a conjecture.

I reminded the Sheikh that the National Assembly was strongly opposed to all foreign Concessions, and that no development seemed likely just at present, and added that I did not personally think that any scheme could prosper which had not the benefit of his co-operation. The subject was dismissed by the reiteration of the hope by the Sheikh that we would watch his interests and keep him informed, as far possible, of developments.

I am forwarding a copy of this communication to His Majesty's Minister at Tehran for his information.

I have, &c.
(Signed) P. Z. COX.

[15435]

No. 125.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 75.)

Sir,

Tehran, April 22, 1907.

WITH reference to your despatch No. 173, of the 16th November last, I have the honour to transmit to you herewith a copy of a despatch which I have received from His Majesty's Consul-General, Bushire, on the subject of the Bakhtiari Road, inclosing a Report from Captain Lorimer, His Majesty's Vice-Consul at Ahwaz.

I agree with Captain Lorimer's view that a joint inspection of the road by himself and the representative of the Company would be likely to raise suspicion in the minds of the Khans, and that it would be better that they should make their inspections independently of each other. I have already had the honour of bringing Captain Lorimer's views on this point to your notice in my telegram No. 10 of the 21st January last, and I note that in their letter of the 30th January to you (inclosure 1 in your despatch No. 23, of the 6th February) the Company refer to the question, without, however, giving any definite expression of their wishes or intentions.

With regard to the actual state of the road, I notice that in all the correspondence which reaches me objection is more frequently made to the trace of the road, for which Messrs. Lynch are responsible, than to the actual condition of the track, though the latter leaves much to be desired. I would point out that it is only the state of the track and the behaviour of the road-guards for which we can hold the Khans responsible.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 125.

Major Cox to Sir C. Spring-Rice.

(No. 33. Confidential.)

Sir,

Bushire, March 16, 1907.

IN continuation of my telegram dated the 20th January last, I have the honour to forward, for your Excellency's information, a copy of the communication received from Captain D. L. R. Lorimer, His Majesty's Vice-Consul, Ahwaz, amplifying his views on the subject of the inspection of the Bakhtiari Road by himself and Mr. Parry.

Action will no doubt already have been taken on the telegraphic correspondence regarding the primary question as to whether the inspection by His Majesty's Vice-Consul and Mr. Parry should be joint or independent, and there seems little for me to add now, except that I am generally in accord with Captain Lorimer's views on the point.

As to the means which might possibly prove workable for keeping the road in repair, I expressed myself in my letter dated the 4th January last.

It is a difficult question, but I still think that the entertainment of a suitable engineer of their own by the Khans may afford a solution of it; His Majesty's Vice-Consul continuing to be the friendly referee in cases of disagreement between the Khans and Messrs. Lynch's agents, in regard to the condition of the track.

I have, &c.
(Signed) P. Z. COX, Major, British Resident in the Persian Gulf, and His Britannic Majesty's Consul-General for Pers, Khuzistan, &c.

Inclosure 2 in No. 125.

Vice-Consul Lorimer to Major Cox.

(No. 59. Confidential.)

Sir,

Ahwaz, February 2, 1907.

I HAVE the honour to acknowledge receipt of your letter of the 22nd January last, inviting observations on a letter from the Persian Transport Company of the

[1741]

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9th November, 1906, received under His Majesty's Minister's despatch No. 95, of the 26th December, 1906, of which you forwarded copies. I would beg leave to make the following remarks:—

2. I think it most desirable that Messrs. Lynch Brothers should take steps to have the road inspected by one of their own officers, and more particularly by one whom they consider technically qualified to do so.

This responsibility properly rests on them and not on any Government servant. So far as a Government official is involved in the question of the upkeep of the road it should be in the capacity of an intermediary and arbitrator.

As it is I, who am concerned, I am probably more anxious than any one that the Company should take the trouble of inspecting and reporting on the condition of its own road.

At the same time I think Messrs. Lynch Brothers perhaps exaggerate the importance of technical qualifications for the inspection of a Persian caravan track.

3. Mr. Parry knows more of the original condition of the track than any one now available. I met Mr. Parry lately and we had some conversation on the subject of the road. We appeared to be in agreement on general principles, and it follows that I would favour his being a party to any inspection.

I demur, however, to the advisability of our inspecting the road in company, as the Khans, who are extremely suspicious, would, without doubt, take for granted that our association would lead to my being induced into partisanship with the Transport Company. It is very desirable that the creation of such an impression should be avoided.

I would therefore recommend that the inspection by the Company's officer and by myself should be carried out separately, but that subsequently we should meet and compare the results of our investigations and the conclusions arrived at. Should it be impossible to do this in a personal meeting the Company's agent might be instructed to draw up a Report and submit a copy to me. I would state how far I found myself in agreement with it, and any points on which our views differed could be discussed separately.

I am fully alive to the inconveniences of an arrangement of this kind, but I think that they are more than balanced by the advantages of not appearing hand in hand in the view of the Khans.

4. I am inclined to take exception to the Company's claim that they have a right to expect the track to be kept up in the condition in which it was originally handed over.

I would judge from what I have seen that a great deal of original work on the road was not of a permanent or durable nature, that is if when it was handed over it had throughout at all a good surface. To keep up a good surface on steep gradients, which are common, would require a large amount of work, and would, in my opinion, be work thrown away.

Many of the worst parts of the road appear to owe their badness to radical defects in the track, doubtless due to a want of funds in the first instance. Again the Company talk of soft loam being a good surface in dry and a very bad surface in wet weather. This is perfectly true, but if the track in places lies in loam the Company and not the Khans are responsible for this, and in this respect it does not seem to me likely that the road is now more defective than when first constructed.

I cannot recollect seeing any signs of any attempt having at any time been made to consolidate the loam where it appears by binding it with paving, timber, brushwood or metalling.

Not, however, having seen the road in its original state I speak liable to correction.

5. Fodder and supplies are a serious question, which I have not overlooked in previous letters on this subject. But I believe I am correct in saying that the Bakhtiari Road cannot be regarded as by any means unique among Persian routes in its defects in this respect.

There are real difficulties, and they are not of a nature that the Khans are very likely to effectively overcome.

At the same time I must repeat that there is not the slightest possibility of the Khans agreeing to hand over the management of the road to any Company having the remotest connection with Messrs. Lynch Brothers, or indeed to any commercial firm at all.

Were it even possible to force them to do so, I believe that it would only result in

a deadlock in the relations between the Company and the Khans, to resolve which diplomatic pressure would be totally ineffectual.

6. Three years having elapsed since the bridges were last inspected the Company have, I think, a just claim to insist on sending some one this year to examine and overhaul them.

My opinion on the state of the bridges and the minor work attached to them has already been expressed for what it is worth in my letter of the 20th November, 1906. The plates in the Cover Bridge are in one place exposed. If the Khans will not take the very little trouble required to prevent this, on this single count they may very well be called on to pay a considerable bill for having this necessary work done for them.

7. The question of the "Tufanchis" (road-guard) and their control is one which the more one knows of the Bakhtiari, both the Khans and the subjects, and the nature of Bakhtiari administration, will inspire the more despair.

I should recommend that every attempt be made to authenticate and report as many veritable cases of blackmail as possible. If these were communicated to me I would as I saw expedient press them on the Khans' notice, and sheer weariness might stimulate them to do what they can. That proper pay, even if disbursed by the Khans, would ever reach the men concerned is, under the condition of the country, inconceivable.

I would note that on my journey down in November the "Tufanchis" were less in evidence and less truculent than at the time of my journey up, and I do not recollect of hearing of any complaints against them. If the evil of blackmail can be kept within moderate bounds this road will not be handicapped, I believe, in regard to other roads in Persia.

Our best policy in dealing with the Bakhtiari lies, I am convinced, in estimating what are the maximum demands which there is a tolerable hope of being able to have satisfied, and in working persistently to secure them. Counsels of perfection are futile.

I have, &c.
(Signed) D. L. R. LORIMER, Captain, I.A.

[15437]

No. 126.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 77.)

Sir,

Tehran, April 23, 1907.

I HAVE the honour to transmit herewith a very interesting despatch from Mr. Barnham describing in detail the circumstances under which the Consulate-General at Ispahan was occupied by the party hostile to the Zil-es-Sultan.

This action seems to have been suggested by the leading priests and the Russian Consul-General in order to prevent this Legation, which is known to be under certain obligations to the Zil-es-Sultan, from interfering on his behalf. As I have already had the honour of informing you, I laid the facts of the case before the Persian Government and the Assembly, frankly stating that I considered the Zil an excellent Governor, but declining to interfere in any way officially. The Zil was informed of what I was doing, and has expressed himself satisfied. Under the circumstances no one could have saved him; the movement for his expulsion was so strong that the priests themselves could not control it, although they did much to promote it; and though the leaders of the Assembly were openly in the Zil's favour, they could not effectively oppose the popular demands.

The Zil-es-Sultan was the most striking personification of the old system of princely Governors, powerful and efficient rulers, who ground the faces of the poor and who formed a perpetual alliance with all the forces of oppression. He was marked out for destruction and was destroyed. His fall was a serious warning to the Shah, although His Majesty was not credited with a strong affection towards his uncle. But he exerted himself in his favour, though he, too, saw that resistance was useless. It is interesting to note the part played by the priests, who no doubt bitterly regret the fall of their powerful ally. They feel that their turn will come next, and are casting about to look for some new protector, if they cannot recall the old one.

The part played by Prince Dabija, the Russian Consul-General is notorious; he acted in pursuance of the policy which he has followed for years, and openly avowed his delight at the fall of the friend of England the enemy of Russia. According to the Zil's statements, he has been for years in the pay of the Zil's sister, who hates her brother bitterly, and has done all in her power to compass his destruction. I have no information as to the attitude taken up by M. de Hartwig with regard to the Zil, and the Zil himself has been unable to trace his influence on the movement against him. For the reasons given above, foreign influence does not appear to me to have played much part in the incident. A new power has come into play, and the old influences have lost much of their authority.

The Zil thinks it not impossible that he should be recalled by the people themselves, and very probable that he will be recalled by the priests. He will not take any violent measures to procure his recall, as he knows that they would not lead to his permanent restoration to power. He is anxious as to the property possessed by his family in Ispahan, and has asked me to renew the former pledges given to him by His Majesty's Legation. As the circumstances had changed since these assurances were given, and, for all I know, arrangements might be in course of negotiation with Russia which would seriously interfere with our power to protect our friends in Central Persia, I telegraphed to you, Sir, to request your instructions. You informed me that the Russian Government would be not unwilling to give His Imperial Highness similar assurances to those given by us, on the understanding, however, that they should not be pledged to assist him to recover his lost Governorship. The assurances already given him by us distinctly reserve the Shah's right to appoint or dismiss whom he pleases, and the Zil will therefore lose nothing by the Russian reservation. I have sent to Sir A. Nicolson and M. de Hartwig copies of the letters of Sir M. Durand and Sir A. Hardinge, which are already in your possession.

This procedure will of course in a manner be a formal recognition of the right of Russia to a commanding position in Ispahan, and the sudden increase of the Russian Consular guard is taken as a sign of what is to come. The number of Russians in Ispahan is very small, although there are some Russian Armenian subjects, occupied, under the supervision of the Russian Bank, in promoting the sale of Russian goods.

I venture to ask your special attention to Mr. Barnham's statement as to the damage done to the Consulate-General. Mr. Barnham has recently arrived, and has had to make a very large outlay for his installation. The expense of the journey from Europe to Ispahan is enormous. Exchange has gone down in the course of one year from 65 to 48, and is still falling. Under these circumstances it would be a great hardship to Mr. Barnham to be compelled to make good the damage inflicted on his Consulate through no fault of his own. You will observe that he had to yield to force, and I would add that, had he resisted, the position of the English missionaries, already seriously menaced, would have been really dangerous.

I venture to suggest that the sum asked for may be advanced to him, and that I may be instructed to present a claim to the Persian Government, who will no doubt, after some years of hesitation, finally pay it. In presenting the claim, I may point out that by your orders I have made it quite plain to every one concerned that His Majesty's Government would not consent to take part in the internal affairs of Persia, and while admitting the sacredness of the traditional right of "bast," which has existed from ancient times in Persia, they could not admit the right of this or that party to enter and occupy *en masse* the premises of our Legation or Consulate in order to force His Majesty's Government to support their demands; that the Persian people had now their official representatives to whom they can appeal, and that the interference of foreigners is no longer required in order to procure the people a hearing. Under all these circumstances, it becomes my duty (I would add) to request the repayment by the Persian Government of the damage done to the Consulate premises by the crowd who took forcible possession thereof in the course of the late troubles at Ispahan.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 126.

Consul-General Barnham to Sir C. Spring-Rice.

(No. 11. Confidential.)

Sir,

Ispahan, April 13, 1907.

I HAVE the honour to submit herewith a final Report upon the recent popular outbreak at Ispahan which culminated in the dismissal of his Highness the Zil-es-Sultan.

It was unavoidable that the Reports which I sent you on this subject while the movement was in progress should have been of a fragmentary nature and give an incomplete picture of what took place. For that reason I will now tell the story as fully, yet succinctly, as possible.

The Zil-es-Sultan left for Tehran on the 2nd February, but there was something in the manner of his going which suggested a fugitive. He left for Kamushlu, his shooting-box near here, without letting any one know that he was really starting for Tehran, and arranged that two of the young Princes should afterwards go out quietly and join him at Murchikor, the first stage on the north road. His attitude for some time past had been that of a man who was quite unable to cope with the situation, and whose chief anxiety was to leave the place. He would, he said, go to Europe and remain there until the storm was past. The last time I saw him he observed that the Kadjars had won their Empire by the sword, and if they were to lose it he would wish to lose it by the sword, and not at the hands of these pestilent priests. He, however, allowed them to see that they had nothing to fear from him.

The movement was directed by the brothers Nejeefa and Nouroullah. Agha Nejeefa, whose title in the Persian hierarchy is Ayet-ullah (the word of God), is known as one of the most fanatical but astute Mollahs in this country. On account of advancing years he has of late permitted his brother Nouroullah, who is fifteen years younger, more active, and eloquent, to occupy a far more prominent position in the public eye than himself. At first sight it seems hard to understand why the Aghas should have turned against his Highness, seeing that by so doing they have lost a large annual income. Last year he gave them and other leading Mollahs 60,000 tomans (10,000£), and in former years even more. This money was given to induce them always to speak well of him and keep the people quiet. They let him do as he pleased, levy khombuni or duties on market produce, farm the river water, keep up the price of grain, and many other arbitrary acts. When, however, the Town Council came into being and people began to talk of liberty and redress of grievances the Zil-es-Sultan was at once compelled to renounce the khombuni, which meant a loss of about 70,000 tomans a-year. He then told the Aghas that he could no longer afford to pay their allowance, and so the rupture was brought about. The dismissal of the Zil-es-Sultan has, however, led to an estrangement between the brothers. It is generally believed that Agha Nejeefa regrets what has happened, because he and the Zil-es-Sultan had many other interests in common which were worth preserving; but this is not the case with Sheikh Nouroullah, who is intoxicated by the power which he is allowed to wield as President of the Enjumen, and moreover has shown himself so bitter an opponent to his Highness that he cannot hope ever to be forgiven.

The campaign against the Zil-es-Sultan opened on the evening of the 11th February, when Agha Nouroullah preached against his Highness at the Masjidi-no, and it was arranged that on the following day the bazaars should be closed and a Petition sent to the Shah asking for his dismissal. Next morning the bazaars were closed, and there was much excitement in the city, but owing to a difference of opinion between the brothers the Petition was not sent. Letters were, however, written to the Ispahan Members sitting in the National Assembly at Tehran, which must have prepared them in a measure for the outbreak which occurred a month later.

On Wednesday, March 6, the bazaars were closed by order of Agha Nouroullah. The people collected in dense crowds on the Grand Square and round the houses of the Aghas, who told them to go to the Persian telegraph office and wait for them there. The Aghas delayed their coming, either because they thought it politic to feign reluctance or because they really hesitated to telegraph against his Highness, as they knew that by doing so they would burn their boats and there would be no retracing their steps.

Finally, the people went back and brought them to the office—first Nouroullah,
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and then, with much difficulty, Nejeefa; but the people had become so irritated by the delay, and especially because the Persian wire was not available when their telegram was ready to be sent, that they wrecked the telegraph office, and treated the Director so badly that he was down with fever for several days afterwards.

The adherents of the Zil-es-Sultan now began to collect and there was a little fighting in the streets, though nothing serious. Fighting is not a strong point with the Ispahanis, who are the most cowardly people in this country.

After sending their telegram, the Aghas left the city, having, it appears, given secret orders that the people should take "bast" at the Consulate-General next morning.

The invasion of the Consulate grounds took place at a very inopportune moment, when two Legation couriers were waiting for me to close the bags as the mails for north and south were both leaving within half-an-hour.

Shouting was heard at the gate, and then one of my Persian guards was seen running up the path with a number of Seyyids. Hearing that the street was full of people who demanded admittance, I ordered the gate to be closed, and sent a gholam to say that I would receive five of the Seyyids, who should speak for the rest. They told us that as it was through the protection given to the refugees at the Legation that they had won their Constitution, so they had come to me for shelter until they could obtain the dismissal of the Zil-es-Sultan. I begged them to leave, impressing upon them that I could take no part in their quarrel, but they became more persistent, and at that moment were joined by a Turk of Tabreez who had forced his way in, and told me in Turkish that they had come there for business, and until that business was finished they would not leave unless turned out by force.

The duffadar now came in to say that there was quite an extraordinary crowd outside, that the gate was not strong, and that it would be impossible to keep them out. The road in front of the Consulate is not more than 20 feet wide, and in order to reach the gate, one must pass a low stone wall on either side. One of these walls or parapets, together with a stone pillar at one end, had been thrown down. I determined to make the best of matters and ordered the gates to be thrown open. I then told the Seyyids to tell the people that they were welcome, offered them tea and lent them tents.

Before leaving my office the Seyyids begged me to telegraph to you asking you to help them, and I answered that I should of course inform you at once that they had occupied the Consulate, but that I could do no more.

The people now poured in, pressing towards the house like the rising tide. They were soon followed by itinerant vendors, who set up stalls all round the garden, for the supply of tea, sugar, cakes, sweets, and kalians. Every day they left the garden at sundown to return when the gate was opened at 8 o'clock in the morning.

The front garden covers an area of about an acre and a-half, planted with fruit-trees near the entrance, and laid out in flower-beds nearer the house. Access to the house and upper garden is gained by two flights of steps to the right and left as one approaches from the entrance gate. I caused barriers to be erected to prevent the people entering the house, and placed my sowars on guard to see that the barriers were respected.

My visitors on the first day were exclusively Seyyids and Tallebs (theological students). They brought in a pulpit, and set it up in the middle of the garden, and the students camped around it. First a Seyyid would mount the pulpit to conduct a "roza-khane," or religious exercise, in commemoration of Hussein, and when that was over another would harangue the crowd about the sins of the Zil-es-Sultan. One, the Turk from Tabreez above referred to, led a chorus of which the last words were "we will not have this dog!" My "munshi," however, interfered at my request, and insisted that if they spoke publicly of his Highness while here they should do so in terms of respect, and the offence was not repeated.

When not otherwise engaged the students would pass round the pulpit beating their bare breasts, with a violence and rhythmical cadence which was startling and painful to listen to at such close quarters. Every hour this sort of thing continued, and of course as the days wore on and as the number of refugees increased, the smells and sounds became more offensive. As regards the number, there was a clerical error in the telegram which I sent you on the following day. There were probably not less than 6,000 present on the second day (Friday), by far the greater number of them being loafers who had come in out of curiosity.

After that day it was impossible for so many to come in, as on that evening the refugees began to bring in tents, which soon filled up the whole space and left little

room for circulation. On the Saturday the weather became very cold, and I made special arrangements to shelter the more prominent Seyyids in the conservatory and in the rooms under my office.

I had very great difficulty in resisting the attempts of the Seyyids to force me to help them in their work.

They heard that I had a telephone in the house, and wanted to come in and use it, apparently under the impression that they could converse directly with the Shah or the Members of the National Assembly. They also wanted me to forward their telegrams through you, because they had received no answer to those they had already sent.

On the Saturday morning I called their leaders into the house, and made them understand that beyond giving them shelter I could do nothing for them. I repeated what you had just pointed out to me by telegram, that, as they now had their own Parliament, the only proper channel through which they should approach the Persian Government in this matter was their own Parliamentary Representative in Tehran. They quite understood it, and went away silenced, if not satisfied. I very much doubt, however, whether they let the people know what I had said to them, indeed, I think that most of the people believe that I was working for them up to the very end.

In the meantime the following incidents had occurred outside:—

On Friday morning (the 8th March) the party of the Zil-es-Sultan, escorted by a party of armed sowars, went to the telegraph office and sent off a long telegram in favour of his Highness, and on returning fired some volleys outside the Consulate. This seems to have scared our people very much, and was to a great extent responsible for the difficulty we experienced afterwards in inducing them to leave.

Telegraph Street, the Park of Chihil Sutun, and the Great Square, were meantime thronged by excited crowds, who passed along reciting "salawats,"* or beating their breasts. Many of them took sanctuary at the Masjidi Shah and at Chihil Sutun. On the other hand, the adherents of the Zil-es-Sultan took sanctuary in the Masjidi Seyyid, and put up tents there.

On the Saturday (9th March) I sent my "munshi" to the Aghas to beg them to remove the people, as it had turned bitterly cold, and I could do nothing to make them warm. They had already consumed all my winter fuel and cut down trees for firing. That afternoon the Aghas came to the Consulate gate and called the people out, but the Turk from Tabreez, who seems to have exercised a malign influence over the crowd, prevented a large number of them from going out, on the ground that they would be attacked by the sowars.

At that moment a telegram arrived from Tehran to say that the matter had been laid before the National Assembly, and from that moment we may say that the people had won their cause. A meeting was held that night at Agha Nejeefa's house, when the people bound themselves by oath to sacrifice life and property for their cause, they declared that the people should not be withdrawn from here, but that they should be joined by some of the leading merchants, and these merchants undertook to provide food for all. There are two small inner courts to the right and left of the entrance gate, one occupied by the dispensary, the other surrounded by rooms in a state of ruin. Here they established their kitchen and made their store-house.

From that time we could do nothing but wait patiently for the end. The excitement became greater day by day. In the city the agitators were reinforced by large bands of armed villagers, and here the people were busy compiling a life of the Zil-es-Sultan, which they intended to send to the National Assembly.

The party of his Highness was now in great straits, but at this juncture hit upon the happy idea of seizing the Persian telegraph office, which compelled the people, though very distrustfully, to send their messages from the Indo-European office.

I must now speak of the rôle played in this matter by the Russian Consulate. You are aware that the Russian Government has for a long time past complained of the neglect of Russian interests by the Zil-es-Sultan, but Prince Dabija had also a personal dislike for his Highness, which he was at no pains to conceal. It is notorious that when the Zil-es-Sultan went to Europe two years ago, Prince Dabija tried very hard to obtain his dismissal, and was at one time so confident of success, that he publicly declared that if the Zil-es-Sultan returned to Ispahan, he would shave off his beard. Having failed when thus working single-handed, one can realize with what zeal he threw himself into the fray when so many elements were working in his favour.

To those who suggested that the refugees should go to him, he replied that they were far better here because, although we British were friends of the Zil-es-Sultan, we would by the mere fact of their presence be forced to help them indirectly, whereas if they went to the Russian Consulate our hands would be unfettered and we would be sure to help his Highness in every possible way.

We know further that he sent many telegrams describing the situation in the most alarming colours.

When your telegram arrived informing me of the dismissal of the Zil-es-Sultan, I at once communicated it to the people, but they refused to leave until they had received a telegram from the National Assembly confirming the news. They, therefore, remained with me until the next day, when they began to pull down the tents, of which there were fifty-seven in all, and we were then able to see what damage had been done. All the gravel from the paths had been thrown on to the flower-beds, the paths were riddled with holes caused by the driving of tent pegs, the tiles which bordered the flower-beds had been pulled up and broken, the steps leading to the upper garden had lost their tiles, while much damage had been done to the upper garden, where during the last two days tents had also been pitched. Before leaving, the Seyyids and merchants came to express their thanks for my hospitality.

I have, &c.

(Signed) HENRY D. BARNHAM.

Inclosure 2 in No. 126.

ESTIMATE of Repairs required at His Majesty's Consulate-General, Ispahan, owing to Damage caused by Refugees from March 7 to 19, 1907.

| | Krans. |
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| Gravel for relaying garden paths | 700 |
| Bricks for rebordering paths and beds | 370 |
| Garden steps and wall (bricks, getch, and labour) | 450 |
| Wood burnt | 520 |
| Trees and plants injured | 350 |
| Trellis work destroyed | 200 |
| Persian guards' room (flooring, fire-place, and walls) | 350 |
| New entrance gate (to be fitted with bars and have small door let in to admit one person only at a time) | 500 |
| Outside railings and stone column carried away | 200 |
| Inside gate destroyed | 220 |
| Gardeners' work | 300 |
| Extra pay for sowars, Persian guards, munshi, and house servants | 500 |
| Total | 4,660 |

(Signed) HENRY D. BARNHAM,
His Majesty's Consul-General.

Ispahan, March 22, 1907.

[15438]

No. 127.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 78.)

Sir,

Tehran, April 23, 1907.

I HAVE the honour to transmit herewith copy of a note which I have addressed to the Persian Minister for Foreign Affairs at the request of my Russian colleague with a view to safeguarding that portion of the security on our loans which consists of the revenue derived from customs dues levied on articles imported by Parcels Post.

M. Hartwig was under some apprehension that the transfer of the Parcels Post Administration to a Persian official might endanger the security on our loans derived from this source. He therefore furnished me with a copy of the representation which he was making to the Persian Government on the subject, and requested me to take similar action.

M. Hartwig's note was somewhat similar to that which I have now the honour to inclose.

In his reply, the Persian Minister for Foreign Affairs states that orders have been issued to the Customs Administration in accordance with my wishes, and promises to inform me of whatever arrangements may be made.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 127.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Translation.)

IT has come to the knowledge of this Legation that by a recent order of the Persian Government the Parcel Post service has been confided to the direction of the Post Office, which has already been separated from the Customs Administration and farmed out to a Persian official.

I have to point out that, in the arrangement made by the Persian Government with the Imperial Bank of Persia, the customs revenue of certain ports was to form the guarantee for the loan made to the Persian Government through the Imperial Bank. The customs revenue naturally includes the revenue from the duty on parcels imported by way of the Parcels Post, and therefore the Persian Government could not equitably regard the customs revenue on parcels as distinct from the ordinary customs revenue, for this would diminish the security for the loan and advance of the Imperial Bank.

I trust that you will inform me, as soon as possible, of the result of my communications.

April 10, 1907.

Inclosure 2 in No. 127.

Ala-es-Sultaneh to Sir C. Spring-Rice.

(Translation.)

I HAVE received your note of the 10th instant respecting the Parcels Post.

Orders have been issued to the Customs Administration, as desired by you. The above-mentioned Administration has been asked to inform me of the arrangements, and I will duly furnish you with particulars.

April 21, 1907.

[15439]

No. 128.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 79.)

Sir,

Tehran, April 23, 1907.

WITH reference to your telegram No. 48 of the 19th instant and previous correspondence, I have the honour to inclose herewith an interesting Memorandum drawn up by Mr. Churchill on the subject of the Hashmat-ul-Mulk.

At the beginning of this year the Governorship of Kain was in the hands of the Shaukat-ul-Mulk, and that of Seistan was nominally possessed by the Hashmat-ul-Mulk. The Hashmat-ul-Mulk was originally very friendly to England, but was removed in 1904 owing to Russian pressure at Tehran in consequence of his energetic action in punishing the ringleaders of an anti-British riot, the origin of which had been attributed to the Russians. After three years' residence in Tehran the Hashmat appears to have been convinced that his wisest and most profitable course was to go over to the Russian camp, which he accordingly did. He did not, however, receive permission to return to his Governorship, which was administered in his absence by his two sons, Mir Masum Khan and Mohammed Reza Khan. The former, the son of a free woman, travelled in India, and was known as on the whole friendly to us. It was therefore to be expected that his tenure of office should not be of long duration, and in January last he was removed from the Acting Governorship, which for a short time was in the hands of the Muntahan-es-Sultaneh, an official who had been specially sent to the frontier to investigate the plague riots of March 1906. The Muntahan was, very unjustly as it has since appeared, suspected of British sympathies, and in January last the usual machinery was set to work to dislodge him in favour of

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Mohammed Reza Khan, the eldest son of the Hashmat-ul-Mulk. This gentleman is the son of a slave woman—ill-educated, of a violent and cruel character, a drunkard, and a debauchee, but he had the recommendation of being on extremely bad terms with the British Consul when he acted as Deputy Governor during his father's first absence in 1902, and also of being deeply in debt to the Russian Bank. The Russian Consul used his control of the telegraph line to promote the candidature of Mohammed Reza Khan, denying to his competitor the use of the offices. Mohammed Reza Khan was definitely appointed Acting Governor, and one of his first acts was to outrage one of his female subjects and to cruelly torture an innocent person on a frivolous charge. Mir Masum Khan is on his way to Tehran.

At the present moment the Governorship of Seistan is in the hands of Mohammed Reza Khan, who was very intimate with M. Miller, the Russian Consul in 1903, and who is deeply in debt to the Russian Bank, and it may therefore be presumed that the Russian authorities are satisfied with the present administration of the province.

I did not interfere during those negotiations; and M. de Hartwig was good enough to inform me that he also stood completely aloof from all interference in the matter, official or unofficial.

With regard to the Governorship of Kain, I have the honour to state that it is at present administered by the Shaukat-ul-Mulk, who appears to be a colourless individual without any strong political sympathies.

According to statements generally believed here, a short time ago the Hashmat-ul-Mulk, his elder brother, offered a sum of 130,000 tomans for the Governorship of Kain and Seistan, combined, as has been the case with his father. This sum of money, or a promise of it, he is said to have obtained from the Russian Bank on the security of the Russian Government. As soon as this became known, the Assembly took the matter up and protested energetically against the appointment. In addition to the objections based on his pecuniary relations with a foreign Power, it appeared that the Hashmat had soothed the pains of exile by acquiring the opium habit and was notoriously incompetent. The very large sum offered was also suspicious, as the revenues of the two provinces would not justify such a large capital outlay.

According to the Hashmat's own account, he offered to the Government a sum of 80,000 tomans, which he hoped to obtain from the Russian or English Bank through the intermediary of the Sepahdar, a gentleman who is on the closest terms of intimacy with the Russian financial agent. The Russian Legation recommended its application to the Russian Bank manager, who however was unable to provide the money, except in the form of paper, owing to the lack of ready cash which at present prevails. Consequently the Hashmat was unable, he says, to make the advance required by the Government and the negotiations fell through. He hopes however, with the arrival of the Amin-es-Sultan, to be more successful.

I have not interfered in any way with the Hashmat's affairs nor have I spoken on the subject to M. de Hartwig, as the negotiations have been conducted (as far as I am informed) by the Russian Financial Agent, who is independent of the Russian Legation and who is not empowered to converse with foreign Representatives on matters of business.

In the course of conversation with the President of the Assembly, I was informed that that body would not permit the paid agent of a foreign Government to occupy an important post on the frontier. I applauded the decision and said that I had little doubt that you, Sir, would not object even if the principle he enunciated were applied to ourselves.

I may observe that I recently refused to give a guarantee to a gentleman who applied for a loan to the British Bank, on the ground that he was on the point of receiving an important appointment in a province where we have considerable interests.

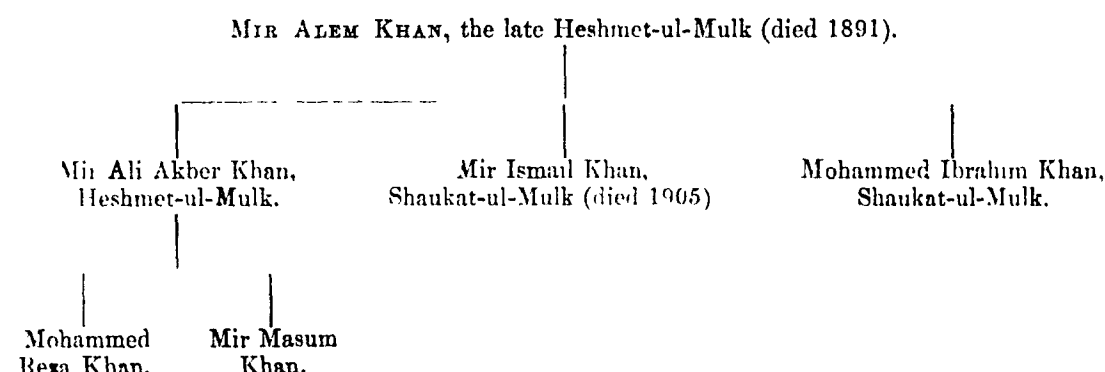
I have recorded this incident at length as it shows that part which can be played by the Russian Bank in the internal politics of Persia and because I notice that M. Isvolsky attaches particular importance to the continuance of the activities of the Russian Bank in Seistan. The balance of evidence seems to be in favour of the Hashmat's own account of the matter, namely, that he was anxious to obtain the money from a foreign bank, that the Russian Bank was urged to grant the advance, but was unable to comply with the request owing to the existing stringency of the money market.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 128.

Memorandum by Mr. Churchill.

THE following is the family tree of the Heshmet-ul-Mulk :—



The present Heshmet-ul-Mulk was appointed Governor of Seistan in 1891 on the death of his father, and remained undisturbed for about ten years. With the introduction of an European organization into the Customs Department, and the appointment of Tehran officials, Seistan then emerged from a condition of almost primitive simplicity, and was ruled from Tehran. Major Benn, His Majesty's Consul in Seistan, wrote in May 1903 that the Heshmet-ul-Mulk threw in his lot with us from the outset, and did his utmost to remain loyal to our cause. He never designedly put difficulties in our way, and often secretly helped us. His two sons took their cue from their father, but the elder son, Mohammed Reza Khan, was inclined to be influenced by his father-in-law, Serdar Purdil Khan, the Serbendi Chief, who had anti-foreign tendencies. Mir Masum Khan, the younger son, remembered his trip to India, and maintained the friendliest relations with His Majesty's Consulate. When Major Benn wrote the above the Seistan question had already assumed considerable importance. Major MacMahon's Mission had arrived, and M. Miller, the Russian Consul, was at his post.

In June 1903 an agitation of some gravity was engineered by the Russian Consul against His Majesty's Consulate. Mr. Dobbs, who had just succeeded Major Benn, made immediate strong representations to the Heshmet-ul-Mulk, who, after lengthy negotiations and with considerable reluctance, consented to punish some of the ringleaders of the hostile demonstration. Mr. Dobbs gave the Governor an assurance that he would not be dismissed "solely on account of punishing offenders against British subjects," and in reporting the matter to the Government of India, remarked, "if the Amir (Heshmet-ul-Mulk) is now not supported, after I have taken upon myself the responsibility of assuring him that the British Government will not permit his dismissal solely on account of his punishment of offenders against its subjects, British prestige in Seistan will sink to a lower point than it has ever yet reached."

Sir A. Hardinge, in accordance with the instructions of His Majesty's Government, took steps to support the Heshmet-ul-Mulk, who was apparently about to be dismissed by the Amin-es-Sultan, then Grand Vizier, at the instigation of the Russian Legation. Sir A. Hardinge observed to the Grand Vizier that the action which the Heshmet had taken in putting down the rioters deserved the thanks both of the Persian and British Governments. The Amin-es-Sultan was succeeded by the Ain-ed-Dowleh at the end of 1903, and the Russian Legation apparently continued to press for the recall of the Heshmet. Continued representations were made by His Majesty's Legation with the object of maintaining him in office, but without success. He was forced to come to Tehran in 1904, though he tried by every means in his power to remain at his post. He was allowed to appoint his second son, Mir Masum Khan, Deputy Governor, and has lived at Tehran ever since.

His Majesty's Legation kept up close relations with him in 1905, and even arranged for the Imperial Bank to lend him some money under the guarantee of the British Government, but as he saw that British influence could not get him reinstated, he became impatient, and eventually turned to the Russians. It has often been proved in dealing with Persian officials that they are much more amenable after an object-lesson of the kind employed by the Russians with the Heshmet-ul-Mulk and

by His Majesty's Government with the Nizam-es-Sultaneh. The Russian Legation, apparently following this principle, did not hesitate to take up his cause, and tried to assist him financially with the object of reinstating him as *de facto* Governor of Seistan and Kain, which he has ceased to be since 1904.

At the beginning of April the National Assembly was informed, by a letter received, it is said, from some students, that the Heshmet-ul-Mulk had borrowed the sum of 130,000 tomans (26,000L) from the Russian Bank, which he was about to distribute among the Government and Court officials, to be allowed to return to Seistan, with the added Governorship of Kain, which is now under his half-brother, the Shaukat-ul-Mulk. The Assembly discussed the matter on the 6th April, and wrote to the Minister of the Interior protesting against the appointment under the circumstances. Subsequently the Heshmet-ul-Mulk wrote to the Assembly denying the charge, though they had independent evidence from a Persian banker confirming it. The Government received the representations of the Assembly as usual in silence, and for the present the matter is in abeyance, but it may be raised at any moment.

(Signed) G. P. CHURCHILL.

Tehran, April 22, 1907.

[15440]

No. 129.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 80.)

Sir,

Tehran, April 23, 1907.

IN my despatch No. 47 of the 1st ultimo I forwarded copy of a note which I had addressed to the Persian Government, in view of the danger threatened to the Imperial Bank of Persia by certain of the clauses in the Charter of the Persian National Bank, warning them that they could not modify the force of Agreements and Conventions into which they had already entered.

I have the honour to transmit herewith copies of further correspondence which had passed between the Persian Foreign Office and His Majesty's Legation on this subject.

In conversation with the Ala-es-Sultaneh I explained to him that my note was merely a matter of precaution in order to safeguard our existing rights, in view of the Concession to the National Bank which, as I understood, gave the new bank a lien on the Southern customs, and also some privileges in connection with the importation of silver, which seemed inconsistent with the rights already granted to the Imperial Bank. The Ala-es-Sultaneh assured me that there would be no mention of the Southern customs in the Concession to the National Bank.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 129.

Ala-es-Sultaneh to Sir C. Spring-Rice.

(Translation.)

March 15, 1907.

I HAVE the honour to acknowledge your note of the 1st instant stating that "no later Agreement or Convention can (in any way) modify the force of Agreements or Conventions already entered into."

As the necessary explanation on this point was not given, I could not properly understand what you meant. I therefore trust that you will be good enough to give me an explanation on the point, so that I may fully understand it and give you a reply.

Inclosure 2 in No. 129.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Translation.)

Tehran, March 28, 1907.

I HAVE the honour to acknowledge the letter of the 15th instant, inquiring what I meant when I said that "no later Agreement or Convention can in any way modify the force of Agreements and Conventions already entered into."

In explanation, I would refer to the fact that the British Government and British subjects have on several occasions entered into political, financial, and commercial Agreements with the Persian Government and with Persian subjects.

As there is now a new order of things, owing to the reforms introduced by His Late Majesty and the present Shah, and the Persian Government is now entering into a number of new engagements in consequence of the above-mentioned reforms, I thought it well, as a measure of precaution, and in order to avoid all doubt and difficulty, to remind the Persian Government of that principle of international and Mahomedan law which gives a former engagement precedence over all posterior engagements.

I meant by this to record the fact, in which you of course agree, that both the Persian and English Governments regard their former engagements as binding on them under all circumstances and as having precedence over all engagements entered into later.

I did not mean to lay claim to new rights, but only in a friendly way to remind you that the old rights still existed.

[15441]

No. 130.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 81.)

Sir,

Tehran, April 24, 1907.

THE principal event in the last month is the arrival of the Amin-es-Sultan. The circumstances were significant. He crossed the Caspian in a Russian gun-boat, embarking not at Baku, but Petrovsk. At Baku a Persian was fired at, because he was taken for the ex-Prime Minister, and at Enzeli the mob refused to allow him to land until the Assembly formally authorized his landing. The Assembly gave their permission on the ground that it was unfair to prejudice his intentions. It was determined to "give him a chance." Later, they will see.

He is rightly regarded as the originator of the system under which the country has been sold to foreigners, in order that the proceeds of the sale might be squandered by a few unprincipled adventurers. A certain number of Persians how many time will show—are determined that this system shall now cease.

The air has now cleared and the situation is sufficiently plain. The Shah and his courtiers prefer the continuance of the old system, but have not the means of overcoming the popular opposition, which is centred in the Tehran Assembly. That body has many faults, which are very apparent. It is unbusinesslike, fond of talk, incapable of systematized action. Many of its Members are corrupt, and few are really capable. But it exists, and in its existence the Persian people appear to see their only hope. The priests are fully conscious that their turn will come, and that, when the Court is dealt with, the mullahs will not have long to wait before they find their masters. The Shah has little difficulty in showing them that their interests are bound up with his. Their support of the popular cause is manifestly lukewarm, but they have to seem to lead, for fear it should be plain to every one that they will be forced to follow.

The movement which led to the foundation of the National Bank was nominally led by some of the principal merchants, whose motives are now evident. They desired to obtain repayment from the Government of large sums owed them, and, failing a foreign loan, they hoped to obtain the necessary funds by popular subscription. But, with a few exceptions, the people refuse to subscribe until they receive a satisfactory guarantee that the bank will be a working institution, and that the money will be expended for the purposes openly avowed. At present there seems only a slight prospect that the funds will be forthcoming.

The Shah is anxious to obtain money at any cost. Without it he remains at the mercy of the Assembly, for unless the troops are paid he cannot expect them to obey.

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him. Unlike the Sultan, he has no religious prestige, and no national tradition sanctifies his right to the Crown. With money he might have force sufficient to put down opposition; without it he is helpless. He is said to be prepared to pawn the Crown jewels and to advance the remainder of the store of gold left by previous Sovereigns. These proposals have been made to the promoters of the National Bank and to the representative of the Parsees in Tehran. He is credited with the desire to overthrow the Assembly by gentle means, failing the possibility of using force. It is believed that he hopes to effect this object through the influence of the Amin-es-Sultan, and M. Naus, who still delays his departure and is occasionally received at the Palace, is supposed to be his trusted adviser.

How far the Russian Legation is using its influence to encourage the Shah in this policy is unknown. The Russian Agents are numerous, and their language may be discordant. A Russian Jew is constantly with the Shah, and bears messages to and from the Legation. A Russian doctor has been appointed to the Shah's person, and frequently sees His Majesty. The Russian Bank has the influence resulting from its generous advances made in former years. I do not believe that any definite promise has been given as to armed intervention. Unless England co-operates, it would be dangerous for Russia to assume the sole responsibility and incur the undivided odium. To judge by the general consensus of evidence, the policy which recommends itself to the Shah is to spread rumours as to the general insecurity of life and property resulting from the destruction of the autocratic power; to play with the Assembly; to refuse to treat it seriously or to assist it in the work of legislation and reform; to call attention to its general incompetence; to intimidate or cajole its prominent Members; to keep touch with adherents of every party; to play on their cupidities and enmities, and finally to emerge as the sole stable element in the country.

The rumours as to the general insecurity of the country are partly true, and the Government is doing its best to make them so. In every province there is a separate and independent Assembly, which does much what it likes. But such authorities are no more unjust or arbitrary than the Governors were under the old system. They form a sort of school of popular independence, and I much doubt whether there is more lawlessness or oppression than there used to be, although in Ispahan and Yezd there appears to be an outbreak of Mussulman fanaticism, owing to the predominance of the priestly element.

I cannot better resume the popular impression of the general situation than in the words of the President of the Assembly which he recently used to me:—

"We have many faults, but the people believe in us and will not allow us to be suppressed. We want to work with the Shah, and we will if he allows it. If he consents, we shall save the country together. If he refuses, he may be able to suppress us; but, if he does, it will be the end of him, of ourselves, and of Persia."

Applications for British help or sympathy have now ceased to reach me. The published rumours as to an understanding with Russia have thrown the Persians upon themselves; they have no hope of foreign assistance, but rather believe that the two great neighbouring Empires have at last agreed to divide Persia between them. It appears to me that this sense of abandonment has rather increased than diminished the sentiment of liberty, but it is still to be seen whether the sentiment is strong enough to stand fire. However this may be, it is clear that a new element has appeared in Persian life, of which the Shah and the Court and the chief priests, who have so long exploited the country without opposition, are genuinely afraid; and, whether true or false, it seems to be believed here that, if the European nations do not realize what has happened, and act as if nothing has happened at all, they are preparing for themselves a rude awakening.

I have, &c.
(Signed) CECIL SPRING-RICE.

[15442]

No. 131.

Sir C. Spring-Rice to Sir Ed. ... (Received May 13.)

(No. 82.)

Sir,

Tehran, April 26, 1907.

I HAVE the honour to transmit herewith an interesting Memorandum drawn up by Mr. Churchill, on the proceedings of the Madjlis during the last month.

It will be observed that the Assembly passed two important Bills, one with regard

to the reform of taxation, and another a provincial Ordinance regulating the Town Councils and Local Government.

Most of the time of the House was taken up by general discussions of national grievances, Russian acts of aggression, and the misdeeds of Ministers. The impression prevails that the Ministers deliberately neglect and oppose the Assembly, and prevent it from doing useful and practical work; but there is no doubt that it acts as a very powerful deterrent, and that the Government is much afraid of it.

One of the principal Mujtehedes, Seyed Abdullah, who is the most intelligent among them, appears to have been gained over by the Government; but Seyed Mohammed, the most influential of all, still appears to be faithful to the popular cause.

I venture to ask your particular attention to the language used in yesterday's meeting. There appears to be no doubt as to the provocative attitude of the Russian Consul at Tabreez, or about the deep impression which it has made on the Assembly. The Assembly feels its growing weakness, and is convinced that the Government is seeking foreign intervention.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 131.

Summary of Proceedings of Persian National Assembly from March 30 to April 23, 1907.

Saturday March 30.—Complaints were made against the Kavam-ul-Mulk (*de facto* Governor of Fars) for obstructing the elections at Shiraz.

The question of the sale of women to the Turkomans was again brought up, and it was decided to interpellate the Minister of the Interior on the subject on the 2nd April.

The decisions of the Finance Committee with respect to reform were to be submitted to the Shah for approval, having been agreed to by a majority in the House.

The Municipality Regulations were read for a second time.

The Minister of Finance was to be asked to attend at the House in order to be interpellated respecting the Customs, and the Minister of Justice was asked to attend with Malek-et-Tujjar on the 1st April.

Sunday March 31.—The National Bank proposals were discussed, and it transpired that the contract with the Government had not been signed by the Shah, and that the Government did not agree to it. A Tabreez Deputy made an eloquent speech, dwelling upon the advantages of a National Bank, and criticizing the Government for want of sympathy and co-operation. Shortly afterwards the Minister of Finance entered the House, and, on taking his seat, was told that his presence had been necessitated owing to the report that M. Naus had not in reality been dismissed. In reply, he pleaded ignorance, but promised to make inquiries. He stated that he was then at work investigating the Customs account, which he found very involved. He was, however, endeavouring to prepare them for the eventual inspection by a Committee. It was resolved by the House to ask for the assistance of some of the actual Belgian employés in the work of inspection. The Minister of Finance agreed to this, but said that proper Inspectors should be engaged as well, and it was decided to instruct the Persian Legation in London to engage two Inspectors in Sweden or Switzerland, and two in Denmark. Saad-ed-Dowleh spoke at great length respecting M. Naus, and said that he had sent reports of his career to all the foreign Legations with the object of proving that he had rendered great services to the country, and consequently indirectly accusing the nation of injustice to him. He proposed that a Committee be formed, consisting of two Members of the Belgian Legation, and two Members chosen from other Legations, to investigate with a Committee of Merchants and Deputies into the cause of the nation's grievances against M. Naus. The Minister of Finance deprecated such a step, and asked for time. Saad-ed-Dowleh then said that M. Lavers, who had been dismissed with M. Naus, had volunteered to give evidence against his former Chief; that M. Naus had paid him a large sum of money to leave the country, which he had done, but that he should be recalled from Belgium. The Finance Minister said he would look at M. Lavers' contract, and, if possible, recall him. One of the Deputies questioned the Finance Minister as to the delay in

signing the loan contract, and further asked whether the rumour was correct that the Government was in favour of a foreign as against an internal loan. The Finance Minister cleverly evaded both questions.

Monday, April 1.—A special sitting was held, to which the Minister of Justice had been invited to bring Malek-et-Tujjar, who is accused of frauds in connection with Company promoting. A species of formal impeachment was gone through, and the principal charge was of his having illegally transferred the Concession for the Astara-Ardebil road to the Russians. The accused was obliged to sit in the centre of the room while counsel for the prosecution opened the case against him in an admirable address, lasting nearly two hours, in which he exposed the career of fraud and dishonesty of the accused. He read a number of incriminating documents, including the contract transferring the road to the Russians, which had been legalized at the Russian Legation, and which was described as an entirely irregular proceeding. After the formal charge had been delivered, it was decided to transfer the case to a Select Committee. It should be observed that the Assembly took up the case at the express desire of the Shah.

Tuesday, April 2.—The Ministers of Justice and of the Interior, as well as the Chief of Police, were present. In answer to questions, the Minister of Justice outlined the measures he was taking with the object of reforming his Administration. In the course of the debate, Saad-ed-Dowleh observed that the Government had made no attempt to defend their Representative at Isfahan, the Zil-es-Sultan, when the people demanded his dismissal. Had the Minister of the Interior attended the debates he might have perhaps been able to adduce facts which would have averted his fall. It was the duty of Ministers to attend the debates and take part in the proceedings. In commenting upon the speech of the Minister of Justice, he observed that the only way to reform justice was to suppress bribery. The Minister of the Interior was then questioned regarding the Assef-ed-Dowleh, late Governor of Khorassan, who had been accused of complicity in the sale of women to the Turkomans. Documents were read with the object of shielding Assef-ed-Dowleh and laying the blame upon the Governors of Boujrurd and Kuchan, who had been respectively fined by the Shah 20,000 tomans and 15,000 tomans. Exception was immediately taken to this proceeding, and a formal trial was insisted upon. The Mujtehed Seyed Abdullah, who entered the House at this juncture, feigned to be astonished that Assef-ed-Dowleh was not present, and referred to him as "that accursed dog." The Minister of Justice whispered something to the Mujtehed, who lost his temper, and eventually Seyed Mohammed was obliged to intervene. Discussions then ensued respecting the state of the town. The Ministers spoke of great disorder with which it was very difficult to deal. Some of the Deputies then accused the Ministers of misrepresenting matters to the Shah and attributing the disorders to the Assembly. Abul Hassan Khan said that the Assembly had at heart the progress and the welfare of the country, whereas some of the Ministers were guided by self-interest and despotism. The Minister of the Interior attributed the disorganization of the country to the want of money. The seizure of the Shah's arms at Tabreez was not discussed, though the Tabreez Deputies were in telegraphic communication with the Enjumen on the subject.

Saturday, April 6.—A paper was read dealing with the reform of taxation and collection of revenue, containing instructions for the guidance of the Commission appointed to carry out the reform and including a list of the officers appointed, their salaries and travelling expenses. The Telegraph Administration was then discussed, and it was generally agreed that it should not continue to be farmed as hitherto.

A letter from some students was then read regarding the appointment of Amir Hashmat-ul-Mulk as Governor of Seistan and Kain, in which it was stated that (1) Hashmat-ul-Mulk is going to Kain to ruin his half-brother, Shaukat-ul-Mulk; (2) that he was about to pay the Government 130,000 tomans for the appointment, whereas the revenue of those provinces is only 30,000 tomans a-year; (3) that the amount is borrowed from the Russian Bank under the guarantee of the Russian Minister. A letter in support of this was read from a merchant. After some debate it was decided that the Hashmat-ul-Mulk must be detained until the charge had been investigated, and the Minister of the Interior was to be interpellated on the subject.

Seyed Mohammed, the Mujtehed, urged the Assembly to insist upon the recall of the Ain-ed-Dowleh in order that an inquiry should be held into his administration while Grand Vizier. A Tabreez Deputy (Taki Zadé) thereupon made a bold speech,

pointing out that if the Assembly had to try all persons who had held Government offices they would have their hands full, as most of them had betrayed the interests confided to them. He said if one was punished they should all be punished. If Ain-ed-Dowleh was to be put under examination, so should Amin-es-Sultan, who was the greatest traitor of all, and whose proper title was "Khain-es-Sultan" (i.e., the King's traitor), and who nevertheless returning to Persia. A murmur of approval passed round the House as the speaker concluded.

The Assembly drew up a Bill condemning Government officials to dismissal, loss of allowances, and punishment, in the case of their conviction of receiving or giving bribes. The document was submitted to the Shah for approval.

Sunday, April 7.—The question as to whether an official should be allowed to hold two Government offices was raised, directed apparently against the Minister of Telegraphs, who is also Governor of Ghilan, a man who has the reputation of being exceedingly reactionary. During the course of the debate one of the Deputies suggested following European examples in this respect, which immediately drew a protest from the Mujtehed Seyed Abdullah, who deprecated imitating European methods, and asserted that the Koran was good enough for them. Some of the Deputies observed that they were not discussing religious, but political matters, and if the Koran were in reality sufficient, how was it that Moslem countries were so far behind Europe? After some debate it was decided to write to the Foreign Minister asking why Russo-British intervention was not invoked in the Turko-Persian frontier dispute, and making other inquiries respecting the matter. Three Bills drawn up by the Assembly were at this period in the Shah's hands for approval: (1) proposing reform of taxation; (2) respecting bribery; and (3) prohibiting the appointment of one person to two Government offices.

Tuesday, April 9.—The two Mujteheds, Seyed Abdullah and Seyed Mohammed, who were present as usual, protested against the formation of certain local assemblies at Tehran, including a brotherhood which, in the name of Islam, systematically persecuted and robbed the people. It was decided to address a letter to the Minister of the Interior, strongly urging the necessity of maintaining order in the town. A representative of the Princes read an address which had been delivered the previous day at the Princes' Assembly which had just been formed. It dilated on the patriotic deeds of the Kajar Princes. A number of telegrams were received by the Assembly for transmission to the Shah, protesting against the appointment of Hashmat-ul-Mulk to the Governorship of Seistan and Kain.

Thursday, April 11.—The attendance of Deputies were smaller than usual. Only one of the Mujteheds was present, and none of the Tabreez Members attended. The Municipality Bill was read for a second time. When the President was about to leave the House at about 8 p.m. a number of the spectators endeavoured to prevent his departure, and demanded an explanation as to the absence of the Tabreez Members, which, he stated, he was unable to give. It was thought that they absented themselves on account of the obstruction caused by Seyed Abdullah on the 7th instant.

Saturday, April 13.—The Tabreez Members took their seats as usual, and while the second reading of the Provincial Assembly was proceeding Seyed Abdullah entered, and shortly afterwards Taki Zadé, one of the Tabreez Deputies, took his seat on a carpet which serves as a tribune, and made an important speech concerning the approaching arrival of Amin-es-Sultan, of which the following is a summary:—

"Whenever we come to the Assembly we come burdened with a thousand grievances to put forward in the hope of seeing them redressed. We meet persons who are satisfied with the Government's proceedings, and the meeting is satisfied with idleness. My view formerly was that whenever an illegal act was committed the Government was responsible. I now say it is due to the Assembly. How long shall we be patient? None of the Ministers with whom we discuss matters give satisfactory answers. For instance, the Foreign Minister always replies that such and such a matter is political, and must not be discussed in the public Assembly. With regard to the Russian Consul at Tabreez, about whom we spoke to him, he says, 'I will go and write an answer,' but he does not do so, and according to information which I have received he has said that the matter had better be dropped. He has given no explanation regarding the Sabzevar incident, whereas in all countries political matters are discussed in Parliament. We asked that the Hashmat-ul-Mulk should not be sent as Governor, but have received no answer. Then regarding the bank, notwithstanding the patriotism shown by the people who sold their ornaments and paid the proceeds to the bank, it would seem that nothing will come of it; and

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No. 132.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 83.)

Sir,

Tehran, April 24, 1907.

CAPTAIN LORIMER has pointed out that, with the opening of the Russian road from Kazvin to Hamadan, British trade is likely to suffer considerably from Russian competition. He states that there is but one way to save the situation, and that is to open up the Dizful-Khorremabad route, which is the best and shortest way from the sea to Central and Western Persia. There is, of course, another route via Bussorah, Bagdad, and Khanikin, which, however, passes through Turkish territory, and is exposed to the depredations of Turkish officials. The objection to the Dizful route is the state of continual disorder which prevails in the Lur country. Messrs. Lynch have a Concession for this route which, for the above-mentioned reason, they have not made use of.

I inclose a Memorandum of a conversation with the Muin-et-Tujjar, drawn up by Abbas Kuli Khan.

You will observe that the Muin states his opinion that, as long as Messrs. Lynch have anything to do with the road, it will be a failure. He is ready, however, to enter into negotiations with Messrs. Lynch, and to offer them a share in the Road Company, when formed, on condition that they had nothing to do with the business of administration. The Muin is a member of the Persian Road Syndicate, which is constructing a road to Meshed, and has a Concession for a road from Hamadan to Kermanshah. The Muin says that the Syndicate would have no difficulty in obtaining the active help of the Medjliss.

The interests of British trade are, of course, not by any means identical with those of the British owners of ways of communication. What the British merchant requires is the means of bringing his goods to market, and it would probably be in his interest if Messrs. Lynch were to share their Concession, which they are at present unable to exploit, with a Persian Company which possessed, or might possess, the means of opening up the country and maintaining order on the road.

The present situation is that the best available trade route in Southern Persia is in the possession of a British Company which cannot exploit it itself and will not allow its being exploited by others, and it is conceivable that the Persians and others interested in the maritime trade of Persia may take independent steps to safeguard their interests.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 132.

Memorandum.

BY the instructions of His Majesty's Minister, I spoke to the Muin-et-Tujjar about the opening of the Luristan road. He said it would be of great advantage to him if the road in question could be opened, but he thinks that Messrs. Lynch will neither themselves take any measure for this purpose nor will they allow any one else to undertake the work. Should the Road Company come to some arrangements with him in connection with the Dizful-Burujird section of the road, he would induce the Persian Road Syndicate, of which he himself is a member, to undertake the work, and no doubt the Medjliss would support the undertaking by pressing the Government for the maintenance of order in the Luristan district. The Muin is of opinion that this section of the road should be alienated to the Persian Road Syndicate, who would allow Messrs. Lynch to have shares in it, but would not allow them to have anything to do with its construction or administration.

Should the Road Company come to any decision in the matter, the Muin would be ready to discuss details with His Majesty's Minister.

(Signed) ABBAS KULI.

Tehran, April 24, 1907.

[15444]

No. 133.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 84.)

Sir,

Tehran, April 24, 1907.

I HAVE the honour to inclose herewith the monthly summary of events in Persia for the month of April.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 133.

No. 5.—Monthly Summary of Events in Persia for April 1907.

NORTHERN PERSIA.

Tehran.

The Assembly.—The Tabreez Deputies show considerable hostility to the Russians. On the 20th instant they affected to attach great importance to the telegram announcing the arrival of Amin-es-Sultan on board a Russian ship of war. They are very suspicious of the Russian Minister, who they think is very active at present and constantly visits those persons who have the reputation of being reactionary. They have heard that the British Minister called one day on Seyed Mohammed and shortly afterwards on Seyed Abdullah.

The Shah, it is reported, summoned Seyed Mohammed to the Palace on the 16th or 17th instant, and held the following language to him: "The people are now completely out of hand and no longer respect their Sovereign. If a movement is started against the heads of the clergy I am quite powerless to protect you." His Majesty is said to have laid great stress on the increasing disorder in Tehran and in the provinces, which he describes as verging on anarchy, especially at Tabreez, where the people had laid hands on his own private property. He said that in a very short time he would be completely powerless. Seyed Mohammed was apparently much impressed, and seemed inclined to agree with the Shah. He seems to have been somewhat discouraged of late.

The Shah.—His Majesty has suffered considerably of late from a complaint of a gouty nature which has attacked his knee, and he was not seen in public for over a week.

Tehran Assemblies.—Burglaries and robberies have considerably increased during the last month. A Society was formed with the object of robbing the public systematically in the name of Islamic law. The National Assembly, upon whom the discredit was thrown, asked the Minister of the Interior to put a stop to this state of affairs and to suppress the offending "enjumen," or Society. The Government thereupon took steps to suppress all Societies, of which quite a number had sprung into being, including one formed by the Princes. The Assembly again intervened, insisting on the suppression of only the offending Society, and eventually got their own way. With regard to the increasing insecurity in Tehran, the Government's reply to the representations of the Assembly is that the police cannot be expected to do their duty when their salaries are one year in arrear. The offenders, if caught, pay the police money, which they naturally accept.

The Army.—The Minister of War assembled the Commanders and heads of regiments with the object of making them take an oath of allegiance before forming a camp outside the town, which it is proposed to do on a much larger scale than usual this year. It is reported that the lower grades of officers with one accord made a reservation to the effect that they would not take an active part against the Assembly.

Amin-es-Sultan's Return.—The dramatic circumstances attending Amin-es-Sultan's return to Persia after nearly four years' absence has caused considerable sensation. It is said that the telegram to the Assembly announcing his arrival on a Russian ship of war must be an invention. The Shah was very angry when he heard that the people of

[1741]

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Enzelli had prevented him from landing, and had only allowed him to do so after receiving permission from the Tehran Assembly. The Shah has constantly made inquiries regarding his whereabouts, and it is generally believed that His Majesty confidently trusts that Amin-es-Sultan will find means to overthrow the Assembly and revert to the old régime. It is reported that a Persian gentleman who bore a slight resemblance to Amin-es-Sultan was shot at and severely wounded on arriving by train from Europe. The Amin-es-Sultan, as will be seen, is not popular with the masses, who cannot forgive him for, as they put it, selling the country to the Russians. The new press is full of abusive and even threatening language towards him. He is due to-day or to-morrow.

Tabreez.

On the 29th ultimo information was received by the local Assembly that a large consignment of arms had been concealed among the Shah's effects, which were just about to start for Tehran. A party was immediately sent to bring back the caravan, and about ninety cases of arms and ammunition were found and seized by the Assembly. A day or two later the Russian Consul-General wrote to the Governor demanding by whose authority the Shah's arms had been seized, who was in charge of the affairs of the province, and what guarantee could be given for the safety of Russian property. In conversation with Mr. Wratislaw, he said that if a satisfactory reply was not received he would inform his Legation that, as complete anarchy reigned in the province, he could no longer be answerable for the lives and property of Russian subjects. The Governor, in reply, wrote that the situation did not call for a special guarantee for Russian subjects who, as well as all other foreign subjects, were perfectly safe. Public feeling apparently ran high in this connection, and a general boycott of Russian goods was threatened. Telegraphing on the 10th instant, Mr. Wratislaw did not anticipate any danger to foreign subjects. On the 13th instant a disturbance broke out owing to dissensions among the clergy, and the bazaars were closed for two days. The principal mollah endeavoured to eject a radical mollah from the town, but was eventually himself ejected. Partisans of both sides appeared armed in the streets, but fortunately no incident occurred.

The "Edalet" newspaper, published at Tabreez, was apparently edited by one of the Russian Consulate Mirzas for a time; but he was eventually obliged to give up the post in deference to public opinion. The paper published occasional articles attacking the British, and attempting to whitewash the Russians. The Russian Consul-General induced his French colleague to put up ten of his new Cossack horses in his empty stable, and though M. Nicolas could not get out of it, he realized that the French papers would probably announce that the French Consul had been obliged to call in Cossacks for his protection. Writing on the 23rd March, Mr. Wratislaw says:—

"The increase of the Cossack guard at the Russian Consulate-General caused much indignation in the town, which has been aggravated by my Russian colleague's attempt to interfere in the custom-house question. His vague threats of what he would do if the employés did not at once return to work gave general offence. The feeling against everything Russian is bitterer than ever, and has certainly not been lessened by the recent publication in the 'Enjumen' newspaper of a letter which the ex-Karguzar at Tabreez wrote some time back to his nephew here. In this letter, of which photographic copies were for some time circulated in the town, the Karguzar instructed his nephew to make an appeal to the Russian Consul-General to support him in return for the valuable services he had rendered to Russia, and to point out that, if he were not supported, no successor would be likely to play the Russian game."

It has been well known to His Majesty's Legation for a long time that Haji Mufakher-ed-Dowleh was practically a Russian agent. Photographic copies of the letter referred to above were also circulated at Tehran, and the Persian Foreign Office did not lose time in appointing another Karguzar.

Resht.

Several antagonistic parties were formed during the course of the month in connection with the local Assembly, and much confusion was caused by demonstrations and counter-demonstrations by the rival factions, which no doubt entirely suited the

plans laid by the new highly reactionary Governor of the province. The leading Mujtehed left for Tehran with a large following, while another party of his adherents left the town and camped outside. The disagreement apparently still continues, but is not serious, though an attempt was made to drag in the Russian and British Consulates. The movement in Resht has somewhat of a revolutionary tendency, and has consequently interfered with the silk and other trades. The peasants show an inclination to refuse to continue paying their landlords' rent. A number of them took refuge in a mosque with the object of evading their obligations. When the leading Mujtehed left Resht for Tehran a rumour was spread that he had received a large sum of money from the Russians to oppose the constitutional movement in Ghilan.

A strike occurred at Baku among the sailors of the Baku-Enzelli line, which paralyzed the service for a time. The mails were brought to Persia in steamers manned by Russian bluejackets, but travellers were not taken. The boatmen at Enzelli subsequently struck in sympathy.

Mr. Rabino, His Majesty's Vice-Consul at Resht, was made the object of a serious complaint by the Russian Minister for alleged hostility to Russian interests, but on investigation the charge appears to have been unfounded.

An American missionary at Resht, who showed too much zeal, found it convenient to absent himself from his sphere of activity for a time, and has come to Tehran.

Meshed.

Major Sykes writes on the 27th March that, as soon as the new Governor-General's Vizier arrived at Meshed, the Russian First Munshi called on him to inform him from his Chief that, if the murderers of the Russian subject at Sabzevar were not speedily seized and executed, 2,000 Cossacks would be sent there from Askhabad who would destroy the town. One of the Secretaries of the Consulate-General had in the meantime left with ten Russian Cossacks for the scene of the murder. The mollahs of Meshed approved of the murder, and threatened to wipe out the Russians at Meshed if strong action were taken at Sabzevar. Fifteen more Cossacks were subsequently sent by the Russians from Turbat-i-Hayderi.

On the 29th March Major Sykes wrote:—

"I am informed secretly that the local Majlis discussed nothing but the Sabzevar murder, and that after several speakers had referred to the true friendship of Great Britain for Persia and my known friendliness, it was suggested that I should be addressed on the subject . . . In the present state of Persia violent reprisals at Sabzevar might lead to an attack on the Russian Consulate-General here, in which case our position would be unpleasant, as our force would be insufficient to help M. de Klemme adequately and defend this Consulate-General."

A leading Meshed Mujtehed received a bribe from a merchant to use his influence with the local Assembly in order to remove their opposition to the export by him of a quantity of wheat to Russia. He was, however, unsuccessful, and his house was subsequently invaded by a mob who threatened to pull it down unless the export of wheat to Russia were prohibited. A preacher who spoke against the Assembly was surrounded by five "tedavis," or members of a secret society, who covered him with their revolvers and made him recant. The men first tore open their shirts showing the red cords of their order.

CENTRAL AND EASTERN PERSIA.

Ispahan.

Nizam-es-Sultaneh, the new Governor of Ispahan, has arrived at his post. Mr. Barnham reports that there are indications tending to show that the Governorship of the Bakhtiari country has been incorporated with that of Ispahan. An unconfirmed report has reached Tehran that an adherent of the Babi sect has been brutally done to death and that the Nizam-es-Sultaneh is powerless to deal with the situation. Such rumours, if eventually proved to be untrue, can probably be traced to the Zil-e Sultan, who has not lost all hope of returning to Ispahan. The Russian Consular guard has been increased to fifteen men. Agha Nejefi is said to have received a letter from Tehran saying that there is a scheme on foot for enticing him to Tehran and putting him away.

Yezd.

A man who is strongly suspected of having murdered the Parsee, Parviz Shahjehan, has taken refuge in a mosque, and is being fed by the people, who have no idea of allowing him to be tried and punished if found guilty. The Governor is reported to be powerless. A Special Commissioner has been sent to Yezd from Tehran with a force of Persian Cossacks, but cannot have arrived yet. The principal Mujtehedes at Tehran have urged their colleagues at Yezd to see that justice is done in this matter. In the meantime the Parsee community at Yezd apprehend danger.

Kashan.

A movement has been started against the Jewish community, which includes one British subject. They have all taken refuge at the British telegraph office, and have sent telegrams to His Majesty's Minister praying for protection, and representations are being made accordingly.

Seistan.

At the end of March the Persian telegraph employes on the Seistan-Meshed line struck and refused to connect at Kain. The result was that His Majesty's Consul was obliged to send a horseman to Robat with a telegram on the 28th, which reached this Legation on the 31st March. The Russian Consul kindly offered to place his telegraph office at the disposal of His Majesty's Consul.

Kerman.

His Majesty's Consul, in commenting on the appointment of Prince Farman Farma's son to the post of Governor-General of Kerman, says, "The Nosret-ed-Dowleh, who is 19 years of age, begins his Governorship with his hands pretty full. Besides the unrest in Baluchistan, which if not checked promptly may tax the Persian Government itself to alay, he has to wheel into line two recalcitrant Chiefs of Rodbar, who have practically taken the district and chased the local Governor out of it." Dissensions are reported in the Kerman local Assembly, especially in respect to the elections for Tehran.

SOUTHERN PERSIA.

Shiraz.

Kavam-ul-Mulk, who is *de facto* Governor of Fars, has the reputation of being in league with the Shah to suppress or retard the popular movement in that province. It was reported in Tehran that the Chief of the important tribe of Kashgais had, at the Kavam's instigation, offered the services of 20,000 of his horsemen to the Shah for the purpose of suppressing the movement in Tehran.

The local Assembly continues to oppose the provincial authorities, and on the 23rd March the Kavam's son, Salar-es-Sultan, wrote to Mr. Grahame that they could no longer restrain the populace, whose feelings were being worked upon by letters from the women of Tabreez reproaching them for inaction.

On the 24th March an attack was made on the Jewish quarter. This incident is likely to increase the emigration of Persian Jews, more than seventy families of whom have left Shiraz for Palestine within the last few months.

Several small robberies are reported on the Shiraz-Ispahan road, but the Bushire road appears to be fairly safe.

One of the clerks of the branch of the Imperial Bank, named Reed, is reported to have turned Mussulman two years ago at Meshed, where he contracted marriage with a Mussulman woman whom he subsequently took to Shiraz. The question has lately been raised by the authorities, and it was thought desirable that he should leave the service of the bank and the town of Shiraz. The question as to whether he continues to enjoy British protection is somewhat complicated. He proposes to return to Meshed with his wife where they possess flocks.

Bushire.

The German liner "Assyria" passed on her homeward journey on the 7th March, and took a large cargo of raisins, gum, tobacco, carpets, and opium.

The "Savoia," another German ship, arrived on the 9th March and handed over 1,000 cases of matches, glassware, guns and ammunition, &c. The arms were for the Persian Customs steamer "Muzaffer" and the new Customs launches stationed at Bushire and Mohammerah. The "Savoia" embarked 160 Turkish soldiers at Bahrein for Bussorah.

The Russian steamer "Euphrates," which obstructed the quarantine doctor at Bunder Abbas at the instance of the Russian Consulate, subsequently landed passengers at Bussorah, although in quarantine, and is reported to have been made to undergo quarantine for a punitive period.

The new Governor of Bushire having been pressed by the Customs authorities to undertake the suppression of the Khans of Bunder Rig and Rudhilleh north of Bushire, through whose ports contraband is believed to pass into the country, he asked for troops to be sent from Shiraz. The Khans in consequence have sent lengthy telegrams of complaint to the Central Government at Tehran.

The local Assembly is quiet, but placards of an inflammatory character were being posted in the town and widely distributed at night during March, which somewhat disturbed the new Governor. A man, who subsequently proved innocent of the charge, was bastinadoed on suspicion of having distributed these placards.

Telegraphic information was received on the 10th March from the official in charge of the telegraph station at Jask, to the effect that 1,000 rifles had been landed at Jagin, 30 miles east of Jask, on the night of the 7th March, from a large native vessel belonging to Shargah or Debai, and carrying some thirty Afghans, who were met by others from Sadech. They are believed to have left in small boats from Muscat, but to have transhipped at some point on the Oman coast into the larger vessel, which managed to elude the vigilance of His Majesty's ships.

Lingah.

The German steamer "Savoia" arrived at Lingah on the 5th March, and landed a cargo of about 1,500 cases of sugar, coffee, candles, haberdashery, &c. She subsequently left with a moderate cargo and twenty-five passengers for Bahrein and ten for Bushire.

Bunder Abbas.

The "Savoia" also landed a considerable cargo at this port.

At the beginning of March the new Customs launch "Tehran" proceeded to a place in the vicinity of Bunder Abbas with the object of intercepting a cargo of rifles, tea, indigo, spices, and aniline dyes, which were reported to be on their way in contraband. The smugglers, however, were about thirty in number and armed. They eventually were successful in getting the cargo away, and transported it into the interior on the backs of eighty camels which they had bought.

Arabistan.

The Bakhtiari Khans have been conducting negotiations with the Sheikh of Mohammerah over some outstanding matters, including the Governorship of Behbahan. The Khans acted with their usual want of good faith, but far from overreaching the Sheikh, have apparently got the worst of the bargain.

The Shah's brother, Salah-ed-Dowleh, has, it is reported, been dismissed from the Governorship of Arabistan, and Serdar Mukarrem, the Governor of Luristan, has been appointed to succeed him. Although the dismissal of the Prince was announced unofficially by the late Grand Vizier to the Tehran Assembly early in March, it would appear that the Prince has no intention of giving up his post. It will be remembered that he married a daughter of the Vali of Pusht-i-Kuh, and he probably still looks to the support of his father-in-law.

Mohammerah.

A Secretary of the Persian Embassy at Constantinople has arrived at Mohammerah by the Russian steamer "Euphrates." He was deputed by the Embassy at the request of the Tehran Assembly to make inquiries at Kerbela into the riots there last year, and the punitive measures taken by the Turks.

Haji Reis-et-Tujjar, the Sheikh's Secretary, has paid a visit to the Bakhtiari Khans, and, according to a report received from Captain Lorimer, he has incited the Khans to make further difficulties with respect to their engagements with the D'Arcy Oil Company. This action on the part of Haji Reis, who had not the reputation of being hostile to British interests, is noteworthy should it prove to be correct.

WESTERN PERSIA.

Kermanshah.

Writing on the subject of the riots of last March, His Majesty's Consul says:—

"Affairs in Kermanshah continued in much the same state of tension until the 14th March. The Governor had stated that a Commissioner would be sent. I had been informed by His Majesty's Minister that no Commissioner would be sent, but it was stated by both sides with such certainty that I came to the conclusion that the authorities in Tehran must have changed their minds on the subject. On the 14th, tired of waiting, the whole of the trades and employment of the town, down to the porters, went into 'bast' in the telegraph office, or pitched tents all round the roofs of the houses of the Maidan in which the telegraph office stands, even using the roofs of the palace where it abuts on the central square. The aristocratic party collected in the house of a mollah. On the 17th an order came from Tehran for the arrest of two leading members of the aristocratic party, who were to be turned out of the town or sent to Tehran. The two men named got news of what was happening and disappeared. . . . On the 18th a man belonging to the people's party left his house to go to the square. He had to pass the house where the aristocrats were staying, where he was received with hoots and, it is said, stones. He rushed to the Maidan shouting that he was being killed. The people in the Maidan turned out with sticks, and rushed to the mollah's house, where they were met with shots. The aristocratic party thought they were being attacked, and the two missing men were probably to be found in their house. Firing continued all the morning, but the shooting must have been extremely inaccurate, for only one man was killed intentionally. A small boy was killed by a stray bullet, and two men are reported to have died of their wounds."

Nine new Cossacks arrived at the beginning of April. His Majesty's Consul is under the impression that they are to relieve the four who had served until then.

The new Governor of Kermanshah is a brother of the ex-Grand Vizier Ain-ed-Dowleh. On the 16th instant he attended in person the first meeting of the newly formed local Assembly and offered them his congratulations. He promised to send an official representative to subsequent meetings, but did not keep his promise. The Assembly consequently wrote accusing him of receiving a bribe from the party opposed to them. They added that their telegrams did not reach Tehran, as the local Director of Telegraphs was a member of the aristocratic party. His Majesty's Consul says that further trouble is to be expected in the near future.

Prince Salar-ed-Dowleh, mentioned above, is reported to have rebelled and to be near Kermanshah with a large following.

(Signed) G. P. CHURCHILL.

April 23, 1907.

Supplement to Tehran Monthly Summary.

The Bakhtiari.

The intrigues which have been going on for some time past between the two families of the Chiefs have apparently come to a head. It is reported that Shuja-es-Sultan, who is attached to the Shah at Tehran, has succeeded in obtaining the

ascendency for his branch, and that his younger brother, who was Ilbeggi, has now been raised to the title of Ilhani, or Supreme Chief, held by his cousin, Semsam-es-Sultaneh, and that another younger brother, Sarim-ul-Mulk, has become Ilbeggi. It would seem that the elder branch has therefore been entirely supplanted by the younger, who are all sons of the late Imam Kuli Khan.

Sultanabad.

Reports have reached his Majesty's Minister of disturbances at Sultanabad caused by the intrigues of a leading mollah, whom both the Shah and the Assembly have endeavoured so far in vain to dislodge. The bazaars were closed for a time, and the feeling at Sultanabad is that the situation must indeed be grave if their oppressor cannot be brought to justice, the mollah in question being generally disliked and feared.

(Initialled) G. P. C.

April 25, 1907.

[15446]

No. 134.

Sir C. Spring-Rice to Sir Edward Grey.--(Received May 13.)

(No. 86.)

Sir,

Tehran, April 25, 1907.

I HAVE the honour to transmit herewith copy of a despatch which I have received from Lieutenant-Colonel Douglas, Military Attaché to this Legation, with regard to the consignment of arms recently received or shortly expected by the Persian Government.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 134.

Lieutenant-Colonel Douglas to Sir C. Spring-Rice.

(No. 19)

Sir,

Tehran, April 23, 1907.

I HAVE the honour to transmit a short Memorandum on the subject of some consignments of arms recently received or shortly expected by the Persian Government.

I have, &c.

(Signed) J. A. DOUGLAS,
Military Attaché.

Inclosure 2 in No. 134.

Memorandum by Lieutenant-Colonel Douglas on some recent purchases of Arms and Ammunition by the Persian Government.

DURING the past year reference has been made at various times to two consignments of arms and ammunition sent from Europe to the order of the Persian Government. Of these one lot were bought in Austria, and were landed at Mohammerah on the 12th June, 1906, where they were handed over to Messrs. Lynch Brothers to forward to Tehran. The consignment consisted of 2,174 cases, of which 1,912 have now been delivered to the Government here, and 262 are still on the road. Of the cases delivered, 803 contained rifles, each case containing 12, making a total of 9,636; 816 held rifle ammunition, and the remainder consisted of small mountain guns, with some equipment and ammunition. From the description given the rifles appear to be of the Wernell pattern, with which the greater portion of the Persian infantry is now armed. The total number purchased was probably 10,000. The amount of ammunition (which was shipped as 50 tons) would seem to be 1,000,000 rounds, or 100 rounds per

rifle. No particulars regarding the mountain guns have been obtained, but as the rifles are of obsolete pattern it may be assumed that they are not modern guns; their number is reported to be 20. I estimate therefore the total of this consignment as—

10,000 Werndl rifles.
1,000,000 rounds of ammunition for the above.
20 small mountain guns, with a certain amount of ammunition.

The second consignment was ordered by the late Shah from the Creusot firm in 1905. The total number purchased (they have not yet, I believe, been paid for), as given to me by the Minister for War, was 48 guns and 20,000 rifles.

On the 5th March 1,500 cases were landed at Enzeli, where they still are. The contents of these are said to be—

36 field guns.
12 mountain guns.
3,600 shells.
256 boxes of "Schneiderite" powder.

It is reported that 1,500 more cases, containing rifles and ammunition, have been shipped to Bushire, but no news of their arrival has yet been received.

The guns are apparently Creusot guns of a modern pattern, but the calibre is not known. I have been told by the French Chargé d'Affaires that the rifles are not those in use in the French regular army, but an older pattern used by some of their colonial troops (possibly Gras), but another informant tells me that they are Lebel rifles.

(Signed) J. A. DOUGLAS,
Military Attaché.

Tehran, April 23, 1907.

[15449]

No. 135.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 89.)

Sir,

Tehran, April 26, 1907.

I HAVE the honour to draw your special attention to the inclosed despatch which has been forwarded to me by Lieutenant-Colonel Douglas, Military Attaché to this Legation, with regard to the increase of the Russian Consular guards in Persia.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No 135.

Lieutenant-Colonel Douglas to Sir C. Spring-Rice.

(No. 20.)

Sir,

Tehran, April 26, 1907.

I HAVE the honour to report for your information, and for that of the War Office, that the number of Russian troops at present employed as Consular guards in Persia is approximately as follows:—

| | |
|----------------------------|-----|
| At Meshed | 28 |
| " Turbat-i-Haidari | 6 |
| " Karez | 6 |
| " Seistan | 30 |
| " Kerman | 6 |
| " Bunder Abbas | 12 |
| " Bushire | 6 |
| " Isfahan | 15 |
| " Teluan | 11 |
| " Tabreez | 24 |
| " Urmieh | 13 |
| " Kermanshah | 13 |
| Total | 173 |

In March 1905 I estimated the total number at 62, so that during the last two years they have been nearly trebled.

There are also about 100 regular troops with the Frontier Commissioner at Gumbad-i-Kabus; the Russian Agents at Kuchan and Daragez have usually a few Cossacks with them, and the engineers working on the Julfa-Tabreez road are accompanied by a small escort of varying strength, but generally about twelve men. The total number of Russian troops employed as guards to officials in Persia cannot, therefore, be far short of 300.

Many of the Consulates have also a few of the Persian Cossack Brigade attached to them.

I have, &c.
(Signed) J. A. DOUGLAS,
Military Attaché.

[15451]

No. 136.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 13.)

(No. 91.)

Sir,

Tehran, April 26, 1907.

WITH reference to my telegram No. 78 of the 5th instant, I have the honour to state that I called to-day on the Shuja-es-Sultan, a Bakhtiari Chief, who has been attached to the Shah for seven years as Captain of his Bakhtiari Guard. He informed me that the Shah had appointed his brother, Shahab-es-Sultaneh, to the post of Ilkhani in place of his cousin, Samsam-es-Sultaneh.

He requested that I should inform Captain Lorimer, His Majesty's Vice-Consul at Ahwaz, in order that the negotiations in connection with the D'Arcy Oil Syndicate and the Lynch Road should be carried on with his brother instead of with his cousin.

He expressed the most friendly sentiments, but said that a new contract would be required to be made out in Mr. D'Arcy's name; that he himself had personal claims, as the borings were being made in his land, and that the Government demanded the right to be consulted.

I said that I would inform Captain Lorimer, but observed that so many changes had been made recently in the original contract, which had been repudiated again and again, that I did not think much would be gained by reopening the question.

The Meftah-es-Sultaneh, Head of the English Department at the Foreign Office, has informed me that the Government insisted on its right to renew the contract. He has received from the Shah the right to 300l. out of the 1,000l. paid by the Oil Syndicate to the Persian Government, half of which was paid to the Ain-ed-Dowleh.

I will, of course, deny the right claimed by the Government, but I anticipate some troublesome negotiations, as the Shuja-es-Sultan is strongly protected by the Shah (at whose request he is bringing up 200 Bakhtiaris to Tehran), and his language appears to me to be decidedly threatening.

The negotiations, if any take place, will be conducted by Captain Lorimer on the spot. Should the Company desire that negotiations should be reopened here, I beg to state that it would be wise to appoint a Persian like M. Nitabji with strict instructions.

The Shuja-es-Sultan made no detailed proposals himself, but expressed the hope that Captain Lorimer would arrange matters with his brother. My personal opinion is that the Legation should only be invoked as a last resource.

I have, &c.
(Signed) CECIL SPRING-RICE.

[15493]

No. 137.

Sir F. Lascelles to Sir Edward Grey.—(Received May 13.)

(No. 190.)

Sir,

Berlin, May 6, 1907.

A REPORT has appeared in the "Standard" in regard to the newly-established bank in Tehran to the effect that the director, Herr Gutmann, has been recalled before the time appointed, but that the work of developing the bank is proceeding with as great energy as before, but with greater secrecy.

[1711]

The "National Zeitung" takes exception to this statement, and calls attention to the announcement in the "Kölnische Zeitung," where it is stated that Herr Gutmann has recently returned to Persia, and that so far from his proceedings being undertaken secretly, he was introduced to the British and Russian Ministers at Tehran by the German Minister before he paid visits to the Persian authorities. It is further stated that Herr Gutmann, in his interviews with Sir C. Spring-Rice and Mr. Hartvig, clearly and openly laid before them the entirely commercial objects aimed at by the German Bank.

I have, &c.
(Signed) FRANK C. LASCELLES.

[15497]

No. 138.

Sir F. Lascelles to Sir Edward Grey.—(Received May 13.)

(No. 194.)

Sir,

Berlin, May 7, 1907.

I HAVE the honour to report that the "Reichs-Anzeiger" publishes to-day a Reuter's telegram giving the text of the Agreement concluded between Germany and Persia for the establishment of a German bank at Tehran, and signed at that capital on the 1st July, 1906.

Although published in the "Reichs-Anzeiger," the announcement is not made officially, but it may be presumed that the text is in all probability correct.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 138.

Extract from the "Reichs-Anzeiger," dated May 7, 1907.

ARTICLE 1. The Government of His Majesty the Shah of Persia undertake to grant permission for the erection of a bank in Persia to any German bank or group of German capitalists recommended to them by the German Legation at Tehran.

Art. 2.—In the event that the Imperial German Government avail themselves of the right granted to them by this Agreement, the conditions of the Concession and the statutes of the bank shall form the subject of an Agreement between the Imperial Persian Government on the one hand and the German Legation at Tehran or a representative of the founders of the bank on the other hand.

Art. 3.—Should necessary steps not have been taken within a year from date of signature of this Agreement, it shall be regarded as null and void.

[15481]

No. 139.

Sir A. Nicolson to Sir Edward Grey.—(Received May 13.)

(No. 248.)

Sir,

St. Petersburg, May 6, 1907.

M. ISVOLSKY mentioned to me to-day that he had heard from Count Benckendorff that information had reached His Majesty's Government that the Russian Bank in Persia had engaged to guarantee the Hashmat-ul-Mulk a certain sum of money to enable him to obtain the Governorship of Kain. He could assure me that this was the first time he had heard of the matter, and that M. de Hartwig had made no allusion to it in any of his communications. He had inquired of the Ministry of Finance whether anything was known in that Department in regard to the report, and as soon as he had received a reply he would let me know.

I told M. Isvolsky that I was perfectly sure that he would not have sanctioned such an arrangement, which at first sight had seemed to me to be so little in accordance with our understanding that I had been sceptical in regard to the accuracy of the report. It would, however, be a matter of satisfaction to my Government if it could be shown that there was no intention, even in the Ministry of Finance or on the part of

the Russian Bank, to encourage projects of the nature reported. M. Isvolsky said that he was convinced that the Minister of Finance himself would never knowingly permit such proceedings, and he would await the information which he had requested.

I have, &c.
(Signed) A. NICOLSON.

[15483]

No. 140.

Sir A. Nicolson to Sir Edward Grey.—(Received May 13.)

(No. 250.)

Sir,

St. Petersburg, May 7, 1907.

I HAVE the honour to transmit herewith copy of a letter which I have received from the Zil-es-Sultan in regard to his future, and his desire to obtain assurances from the Russian Government that they will accord to him their good offices. He will probably have received by now a communication from the Russian Minister at Tehran, and I propose simply to acknowledge the receipt of His Highness' letter in a friendly manner, and to inform him that the Russian Government have sent instructions to M. Hartwig in regard to his affairs.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 140.

Zil-es-Sultan to Sir A. Nicolson.

Dear Sir Arthur Nicolson,

Tehran, April 16, 1907.

I SEIZE this opportunity to express to your Excellency my heartfelt gratitude for the steps you have taken in respect to my affairs at the St. Petersburg Foreign Office, and for the promise you have procured from the Russian Government of their assistance in my affairs.

I will never forget this act of kindness on your Excellency's part, nor have I forgotten your kindness to me when you represented His Majesty's Government at Tehran some years ago.

Many changes have occurred at Tehran, which has no similarity to the Tehran of your day. I would abuse your time and patience were I to go into details in this letter, and I therefore restrict myself to merely saying that the conditions are at present very unsatisfactory, but of course Sir C. Spring-Rice has reported upon the situation more or less fully.

My household has now acquired very vast proportions. My descendants and property have greatly increased. There are about 2,000 persons who are attached to me in one way or another. The estates which belong to me and to my children amount to about 200 villages with 150,000 inhabitants. In view of the present unsettled situation in this country, there does not appear to be much security for the future. I therefore hope that your Excellency will continue, as in the past, not to forget me, and will lend your valuable assistance in my interests.

The assurance which your Excellency gave me, which was written in Persian by Mr. Churchill, and was subsequently renewed by your successors, Sir M. Durand, Sir A. Hardinge, and Sir C. Spring-Rice, who gave me similar assurances, are amply sufficient, and I am sure that, when necessary, I will be assisted, but at the same time, in view of the special friendship which you enjoy at the Russian Court, I hope that you will continue to keep my interests in view and recommend me to the good offices of the Russian Government. Russian influence having greatly increased in Persia, I would desire that your Excellency should reassure them that I will not run counter to their political interests here, and at the same time I should like assurances respecting their attitude towards me.

Please convey my salutations to Lady Nicolson, and let me have news of your Excellency's and Lady Nicolson's health.

Believe me, &c.
(Signed) ZIL-ES-SULTAN.

[15457]

No. 141.

Lord Acton to Sir Edward Grey.—(Received May 13.)

(No. 101.)

Sir,

The Hague, May 8, 1907.

WITH reference to your despatch No. 31 of the 22nd ultimo, I have the honour to report that I learn that MM. ter Meulen and Gratama, the Dutch house therein mentioned as recently established in Persia, are a Company registered in Amsterdam under the name of "Commanditaire Vennootschap Handelsvereniging Holland-Perzië, ter Meulen, Gratama and Co." It is financed by three Dutch merchants of Amsterdam. The capital amounts to about 7,000*l.*, and is about to be increased. The home business is managed by MM. Boasson and Van Overzee, of Amsterdam. The principal members of the firm are MM. P. P. ter Meulen and H. S. Gratama Jzoon. M. ter Meulen has been trading in Persia for many years, but M. Gratama has only recently gone there, having been engaged previously in a banking business at Amsterdam. His Majesty's Consul at Amsterdam informs me that all the persons concerned in the enterprise are of good business repute. I understand that the firm is entirely Dutch in its composition; that, although the capital is small, it can be increased locally without much difficulty, and that the objects are wholly of a commercial character. I am unable to obtain any information tending to connect the operations of this Company with the irrigation projects referred to in your despatch No. 11 of the 22nd February last.

The notarial deed in virtue of which the Company was constituted was presumably deposited with the Arrondissement Court at Amsterdam, and, although the Statutes of sleeping partnerships are not published, like those of ordinary Companies, in the "Official Gazette," yet a copy of the deed is, I understand, obtainable upon application. I venture to doubt, however, whether I could well take steps to procure a copy without exciting curiosity.

The interest recently awakened in this country for economic ventures in Persia is reflected in the pamphlet entitled "Nederland en Perzië," of which a copy is inclosed. This publication, which is from the pen of a Dutchman who acts as Persian Consul-General in Amsterdam, deals in considerable detail both with the irrigation project of M. van Roggen, mentioned in your despatch No. 11 aforesaid, and with the Company which forms the subject of the present despatch, and I have therefore caused the accompanying précis to be made of the more important passages of the work. The figures given therein in regard to the capital of Ter Meulen and Gratama are based on less recent information than those given above.

It will be seen that the writer enlarges upon the importance which may accrue to a Dutch house at Ahwaz in the event of the Karun works being executed in accordance with the plans drawn up by M. van Roggen.

I have, &c.
(Signed) ACTON.

Inclosure in No. 141.

Précis of a Pamphlet intitled "Nederland en Perzië," published by M. J. P. Nord-Thomson, Consul-General of Persia at Amsterdam.

REFERENCE is made to a Report received by the Netherland Foreign Office in 1904 from M. Knobel, then Minister-Resident and Consul-General in Persia, regarding a journey made by him in company with M. D. L. Graadt van Roggen, an engineer entrusted by the Persian Government with a Mission to Karun, from Tehran to Ispahan, Shuster, Ahwaz, Mohammerah, Bussorah, Bagdad, Kermanshah, Hamadan, and Sultanabad, at the conclusion of which Report M. Knobel writes:—

"A time will come when the territory between the Caspian Sea and the Gulf will exit from its isolation. Mines will be opened, agriculture will be developed, means of conveyance will be constructed. Whether the rocky soil will verify the bold predictions regarding its wealth which were uttered in the past, and are still uttered, shall remain undiscussed here. So much is certain that the necessary elements for prosperity and commerce are present.

"With the existing difficulty to fix the time of improvement even approximately, I venture to suggest that the time, trouble, and energy which the Netherland merchant may have to spare should be utilized for new paths in the regions around Persia, where a promising basis already exists which will be serviceable, as soon as new life reigns on the ruins of old Persia, to give a youthful existence to the economic relations between Persia on the one hand and the Netherlands and her colonies on the other."

After reviewing the respective volumes of trade with Persia of various countries, the writer proceeds:—

"The changed conditions mentioned in the commercial review recorded here have certainly been the cause of the establishment of the 'Handelsvereniging Holland-Perzië, Ter Meulen, Gratama and Co.,' capital 180,000 florins, having for its object to carry on trade with Persia and thereby to recommence commercial relations between the Netherlands and Persia. M. H. P. ter Meulen has been established in Persia for years.

"Will this naturally weak attempt be sufficient to cause commercial relations to revive in the country where the Anglo-Dutch firm of J. C. P. Hotz and Son and the Dutch firm of Groeneweg, Dunlop and Co. decided to liquidate and another Dutch commission house was declared bankrupt?"

Reference is next made to an article written by M. A. Hotz regarding the irrigation works at Ahwaz and the influence which these will have on the economic development of the south-west provinces and about which M. Graadt van Roggen, a Dutch engineer in Persian Government service, stated towards the close of 1905 that the irrigation and agricultural enterprise near Ahwaz in the Karun plain, of which he had presented a plan to the Shah and of which he estimated the cost at 1,000,000*l.*, may give rise to important orders, in the Netherlands in the first place, and further in other European countries (Belgium, Germany, England, Russia, France, Switzerland, and North America), while the international staff would receive large amounts in salary, for which one-third was put down for Hollanders.

The writer then quotes the following words from an article by M. Graadt van Roggen:—

"This intervention with the home affair of a foreign nation may appear strange at first sight—experience has taught that this intervention in Eastern affairs is favourably looked upon by the Governments concerned. And that a Government may act in the industrial and commercial interests of the nation has been repeatedly shown by the Emperor of Germany and by the King of Belgium.

"The Government of a small, befriended, and peace-loving nation like that of the Netherlands, which stands above suspicion of striving for extension of power or of territory, may exercise a favourable influence on the Persian Government if their Representative is instructed to take the initiative to secure mutual co-operation between the countries concerned with a view to carrying out a great work which may yield so many advantages.

"It is clear that much tact and knowledge of 'adat' and character would be necessary for this intervention, and these characteristics are not possessed by officials who have served everywhere but in the East."

In the conclusion of his article M. Graadt van Roggen requested the Netherland Government to appoint M. de Sturler to be Minister-Resident at Tehran, with official instructions in order to—

"1. Secure co-operation between the various Representatives of the countries interested in the Karun affair;

"2. To convince the Shah, and to get him to decide in principle to carry out the Karun works;

"3. To attempt, if it should transpire to be necessary, to obtain capital for these works, or to indicate the way in which that object could be attained, in order that an early commencement may be made with these works."

M. de Sturler was appointed, but nothing has become known of the instructions given him by the Netherland Government.

Nothing has been heard of M. Graadt van Roggen other than that, in connection with the great work in question, he has undertaken a journey to America for purposes of

[1741]

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study, and that the dignity of the distinction of the first class in gold of the Order of Sciences was conferred upon him by the Shah of Persia in connection with his description of waterworks and bridges in Susiana in the south of the Empire.

The Persian Government is apparently in earnest about the execution of the Dutch engineer's plan.

The writer next discusses the Concession granted for the establishment of the Persian National Bank, the object and duties of this bank, and its relations to and support from the Persian Government.

He then refers to M. ter Meulen's business enterprise at Ahwaz, and expresses the hope that when the so-called Karun road to Tehran will be ready M. ter Meulen will be able to compete seriously from Ahwaz with the ancient commercial routes which lead from Bushire via Shiraz and Ispahan to Tehran, and from Bussorah and Bagdad via Kermanshah to Ispahan and Tehran, and that when the roads communicating with the interior will have been completed, he may be able to open branch offices in the real commercial centres, Ispahan in the first place.

Meanwhile, the presence at Ahwaz of a Netherland office may become of value in another respect, namely, if the Persian Government should decide to carry out the Karun works, for which M. Graadt van Roggen has made plans, as mentioned above.

The nature of the country, the character of the population and of the Government of Persia, the presence of Germans there now, although they were lacking some years back, are thereupon reviewed.

The writer also quotes the following passage from an article by M. Hotz:—

"It is especially with a view to the Colonies that a re-establishment of the offices in Persia is to be considered of importance to the Netherlands. Now that, thanks to the support given by the Government of the Netherlands and the two Chambers, the China-Japan line has been established, there is hope that an equally favourable arrangement will be made regarding the formerly discussed Java-Bombay-Persian Gulf line, and, after that, measures to arrive at an important commercial organization."

The conclusions of the writer run as follows:—

1. Under the guidance of a Dutch commercial house of the first order, *e.g.*, the Netherland Trading Company, firms in the various branches of trade and industry should unite with shipping Companies to attain to the composition of a small very competent Committee of Investigation, in order to examine matters in Persia and to report on the same.

2. This Committee will only then be composed and sent out if the Netherland Government lend their moral and material aid, in such a manner that the Committee bear a semi-official character, that the Committee become, as it were, a Committee of Investigation, authorized by the Netherland Government to promote the commercial interests of Holland in regard to Persia.

[15652]

No. 142.

Lord Acton to Sir Edward Grey.—(Received May 13.)

(No. 107.)

Sir,

The Hague, May 11, 1907.

I HAVE the honour to transmit herewith translation of a notice published in the "Official Gazette" of the 19th February last, relative to the formation of the Company of ter Meulen and Gratama, referred to in my despatch No. 101 of the 8th instant.

It will be seen that the object of the Company is stated to be to carry on trade with Persia and other countries "in the widest sense of the term."

I have, &c.
(Signed) ACTON.

Inclosure in No. 142.

Extract from the "Nederlandsche Staatscourant" of February 19, 1907.

(Translation.)

BY an Act passed on the 16th February, 1907, before the undersigned notary, a partnership "en commandite" under the firm of "Handelsvereeniging Holland-Perzië, ter Meulen Gratama and Co.," established at Amsterdam, has been entered into between Messrs. Pieter Paul ter Meulen, a merchant, residing at Ahwaz, on the Karun, south-west, and Hendrik Seerpius Gratama Johanneszoon, a merchant, residing at Amsterdam, as managing partners, and various persons as partners "en commandite."

Its object is to carry on trade with Persia and other countries in the widest sense of the word, both for own account and in commission, and to undertake agencies.

It has been entered into for the time of ten successive years, commencing the 16th February, 1907, and terminating the 15th February, 1917.

The said managing partners will be competent to sign the above-mentioned firm.

(Signed) C. B. H. ROYER,
Notary.

Zwolle, February 16, 1907.

[15875]

No. 143.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 14.)

(No. 114.)

(Telegraphic.) P.

Tehran, May 14, 1907.

HIS Majesty's Consul at Shiraz reports that the courier of HIS Majesty's Consulate-General at Bushire was attacked on the 12th instant, about 35 miles from Shiraz, by tribesmen. He was robbed of the Legation bag which he was carrying to Bushire, and though there was little of importance in it, all its contents have been lost.

[15883]

No. 144.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 14.)

(No. 115.)

(Telegraphic.) P.

Tehran, May 14, 1907.

STATE of affairs in Persia.

Amin-es-Sultan is endeavouring to work with Shah and Assembly and to persuade latter to permit a loan from Europe. French Minister tells me that his Highness told him yesterday that Germany must be applied to, as people would not accept Anglo-Russian advance, and the French had refused. Sum required would be 10,000,000 fr. at present, and 20,000,000 later.

Promise was made verbally, when Concession was given for German Bank, that it should make advances on account current to Persian Government. German financial agent is showing much activity. Germany will incur popular hostility if she demands Concessions in return for loan, but Dresden Bank might, in hope of future favours, advance a small sum without consideration.

There is no likelihood that Anglo-Russian advance will be accepted by Assembly. Independent move by Germany might be prevented by common action, in which she could co-operate, but it would be difficult to arrange for financial control.

It seems inadvisable, under the circumstances, to take any hasty action. I should recommend waiting attitude. Feeling against Persian Government and Russia is increasing, but Assembly is doing all it can to hold it in check.

[16015]

No. 150.

India Office to Foreign Office.—(Received May 16.)

Sir,

India Office, May 16, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter, dated the 10th instant, on the subject of alternative proposals put forward by His Majesty's Minister at Tehran regarding the Kuhl-Malik-Siah telegraph extension, and in reply to inclose the draft of a telegram which Mr. Morley proposes, subject to Sir E. Grey's concurrence, to send to the Government of India.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 150.

Draft of telegram from Mr. Morley to Government of India.

SPRING-RICE'S telegram dated the 9th instant: Kuhl-Malik-Siah telegraph extension.

Would you be prepared for the purpose indicated in the telegram to allow the material to be taken over at rate list price, exclusive of cost of carriage to Robat and other charges? If Persian telegraph administration consider Indian material too expensive, its transfer at a reduced price might be considered later.

[16078]

No. 151.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 16.)

(No. 117.)

(Telegraphic.) P.

Tehran, May 16, 1907.

HIS Majesty's Consul-General at Tabreez telegraphs that there is great discontent with the Shah's Government in Azerbaijan, and there is a strong movement for separation. In Fars the tribes are out, and trade is disorganized on the Bushire-Shiraz road.

Central Government is unable to do anything and probably does not wish to, as the popular movement is discredited with the increase of disorder.

The only remedy, in Amin-ol-Sultan's opinion, is to find funds to pay the troops. Our money would be well invested if Assembly gave its consent, guarantees were obtained for regular payment of troops, and capable Governors were appointed and given an efficient military force; but until these conditions be fulfilled, best course, I think, is to warn British travellers and merchants to run no risks, as neither British nor Persian Government can afford them protection.

We must at the same time be ready to take action in South Persia, as an incident might arise at any moment.

It is quite understood by British officials that the dispatch of small military detachments is objected to by His Majesty's Government.

Russian and Turkish Representatives are very anxious about the state of Azerbaijan. Latter assures me that independent action by Russia would not be acquiesced in by the Porte.

[16074]

No. 152.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 16.)

(No. 118.)

(Telegraphic.) P.

Tehran, May 16, 1907.

I WAS asked yesterday by Minister for Foreign Affairs for my opinion respecting desire of Shah to send a Representative to Herat to congratulate Ameer of Afghanistan on his arrival there. I replied that, apart from Treaty engagements, undesirable complications with regard to title of Ameer and other matters would arise from such a step.

[16319]

No. 153.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 19.)

(No. 119.)

(Telegraphic.) P.

Tehran, May 19, 1907.

PERSIAN situation: My telegram No. 117 of the 16th instant.

State of affairs have improved. His Majesty's Consul at Resht states that he does not expect any further disturbances. Agitation in Tabreez diminished when British Consul-General conveyed reassuring news from Tehran to people. Governor-General of Fars has taken steps to protect Bushire road, and the tribes are quieter, and will have settled in their summer quarters by the middle of next month.

I hear that regulations for war-ships in Persian waters have been requested by German Minister from Persian Government.

[16394]

No. 154.

Sir A. Nicolson to Sir Edward Grey.—(Received May 21.)

(No. 261. Confidential.)

Sir,

St. Petersburg, May 15, 1907.

M. ISVOLSKY told me to-day that he had been, in conjunction with the Minister of Finance, examining the proposals which I had communicated to him in regard to the collection and remission of the pledged revenues in the respective British and Russian zones in the event of the Persian Government defaulting in the payment of the coupons of the British and Russian loans. He considered that it was not likely that there would be any default; but, assuming that such would occur, it seemed to him that, in view of the state of the feeling in Persia, it would be undesirable to state in the Convention precisely the measures which the two Governments would take in such an eventuality. There was further the difficulty in regard to the British loans that in the loan contract there was no clause which specified exactly the measures which should be adopted in the event of default as was the case in the Russian loan contracts. Suppose, for instance, there was a default, and that the Russian authorities stepped into the post and telegraph offices and claimed to receive the revenues on behalf of the British loans, basing their intervention not on any written engagement in the loan contract, but on an implied right. Such action might give rise to serious difficulties. He was therefore inclined to state in the Convention, in lieu of what we had proposed, that in the eventualities above mentioned the two Governments would exchange views as to the measures to be taken, and thereby the risk of prematurely, and possibly unnecessarily, arousing at the outset popular feeling would be avoided. He would communicate to me in a few days the amendments which he had in view.

I told his Excellency that in my opinion his observations had considerable justification, but this was merely my personal view, and that I would await his communication and then ascertain the views of my Government.

I have, &c.
(Signed) A. NICOLSON.

[16395]

No. 155.

Sir A. Nicolson to Sir Edward Grey.—(Received May 21.)

(No. 262.)

Sir,

St. Petersburg, May 15, 1907.

M. ISVOLSKY mentioned to me to-day that he wished to inform me of a matter concerning Persia, so that hereafter there might be no misunderstanding. I was aware that a Cossack brigade existed at Tehran, officered by Russians, and which, in fact, constituted the only reliable and trustworthy force in the country. In order to keep the men together the Russian Bank had been obliged from time to time to advance the sums required for their pay, and about 80,000 tomans had already been disbursed for the purpose. The Minister of Finance had represented that these advances had been a great drain on the resources of the bank's cash account, and he had therefore authorized that the advances should be made from the sum of 100,000.

which was held by the bank as the Russian share of the joint advance to the Persian Government. His Excellency said that he wished to let me know of this transaction, so that if the Russian moiety of the proposed advance were required it should be understood that some of it had already been disposed of in the manner which he had explained.

I have, &c.
(Signed) A. NICOLSON.

[16078]

No. 156.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 62.)

(Telegraphic.) P.

Foreign Office, May 21, 1907.

SITUATION in Persia.

In reply to your telegram No. 117 of the 16th instant, you would do well to warn, as far as possible, British subjects as you suggest, if, in view of your telegram No. 119, dated two days later, it is still in your opinion necessary.

You should tell those who are in a dangerous or isolated position to go to the ports on the Gulf, as protection could be afforded them there.

[15143]

No. 157.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 81.)

Sir,

Foreign Office, May 21, 1907.

I CAUSED the contents of your despatch No. 34 of the 19th February last, relative to the Bakhtiari road, to be communicated to the Persian Transport Company for their information, and now transmit to you herewith copy of a letter from that Association containing certain observations which they desire to offer on the subject.*

You will observe that the Company propose that the repairs and upkeep of the road should be placed in their hands, and that Messrs. Lynch, their local agents at Ahwaz, should, under the instructions of the Board, make and supervise the disbursements as well as the general arrangements and the work involved therein.

The Company demur to the suggestion that friction exists between their local agents and the Khans, and assert that the only causes of dissatisfaction alleged by the latter are the presentation of the bill for the construction of the road and the pressure brought to bear upon them to keep it in repair. The Company consider that the first grievance can be removed, or its effects mitigated, by the payment, on behalf of the British and Indian Governments, of a portion of the original cost, and that the proposal above outlined will take away the second.

The Company challenge the assertion that the Khans object to the extension of foreign influence in their country, and quote figures to show the benefits conferred upon them and upon British Indian trade by the existence of the road.

They object to the proposal that Messrs. Lynch should be asked to contribute to the working of the road by the Government of India and to Captain Lorimer's suggestion for its superintendence, but are willing to consider a scheme by which the Government of India should take over their interest in the concern—a project which you concur with His Majesty's Consul-General at Bushire in condemning.

They also demur to Major Cox's alternative suggestion that the Khans should engage an engineer from His Majesty's Legation or from the Government of India.

I am unable to perceive any essential difference between the proposals now put forward by the Company and that for the transfer to themselves of the management of the road, which, at the beginning of this letter, they deny having made, but I should, nevertheless, be glad to receive your opinion as to the feasibility of their suggestions, with regard to which you will doubtless consult His Majesty's Vice-Consul at Ahwaz.

I am, &c.
(Signed) E. GREY.

* No. 118.

[15451]

No. 158.

Foreign Office to Mr. J. R. Preece.

Sir,

Foreign Office, May 21, 1907.

WITH reference to Sir E. Gorst's letter of the 8th ultimo on the subject of the relations of the Oil Concessions Syndicate with the Bakhtiari Khans, and especially to the proposals made by the Shahab-es-Sultaneh to His Majesty's Vice-Consul at Ahwaz, I am directed by Secretary Sir Edward Grey to transmit to you herewith, for your information, copy of a despatch from His Majesty's Minister at Tehran,* reporting a conversation which he has had with the Shuja-es-Sultan and certain other information which he has received in connection with this matter, and offering observations and suggestions to which I am to draw your attention.

I am, &c.
(Signed) F. A. CAMPBELL.

[15435]

No. 159.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, May 21, 1907.

WITH reference to Sir E. Gorst's letter of the 16th November, 1906, on the subject of the Bakhtiari road, I am directed by Secretary Sir Edward Grey to transmit to you herewith, for your information, copy of a despatch from His Majesty's Minister at Tehran,† forwarding, with observations, copy of a report from His Majesty's Consul-General at Bushire, in which are inclosed some notes on the state of the road, prepared by His Majesty's Vice-Consul at Ahwaz.

I am, &c.
(Signed) F. A. CAMPBELL.

[15143]

No. 160.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, May 21, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 8th instant, containing certain suggestions in connection with the management of the Bakhtiari road.

I am to inform you that a copy of that communication will be forwarded to His Majesty's Minister at Tehran, with a request that he will offer his opinion as to the feasibility of the proposals it contains.

I am, &c.
(Signed) F. A. CAMPBELL.

[16684]

No. 161.

India Office to Foreign Office.—(Received May 22.)

Sir,

India Office, May 21, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter, dated the 20th instant, on the subject of the situation in Persia, and, in reply, to inform you that he concurs in the terms of the instructions which Sir E. Grey proposes to telegraph to His Majesty's Minister at Tehran regarding the warning to be addressed, if still thought necessary, to British subjects in Persia.

I am, &c.
(Signed) A. GODLEY.

* No. 136.

[1741]

† No. 125.

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[16015]

No. 162.

Foreign Office to India Office.

Sir,

Foreign Office, May 22, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 16th instant, forwarding draft of a telegram which, subject to his concurrence, Mr. Secretary Morley proposes to send to the Government of India, relative to the alternative proposals put forward by His Majesty's Minister at Tehran regarding the Kuh-i-Malik Siah telegraph extension.

I am to inform you, in reply, that Sir E. Grey concurs in the terms of the message in question.

I am, &c.
(Signed) L. MALLET.

[16834]

No. 163.

Admiralty to Foreign Office.—(Received May 24.)

(Confidential.)

Sir,

Admiralty, May 23, 1907.

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, copy of a telegram, dated the 23rd instant, from Admiralty to Commander-in-chief, East Indies.

I am, &c.
(Signed) EVAN MACGREGOR.

Inclosure in No. 163

Admiralty to Vice-Admiral Sir E. Pöe.

(Telegraphic.) P.

Admiralty, May 23, 1907.

IN view of the fact that, although latest news from Persia is reassuring, situation there is very unsettled, you should be ready to set sail at short notice from Colombo and to take action, as previously instructed, in ports situated in South Persia.

[15434]

No. 164.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 89.)

Sir,

Foreign Office, May 24, 1907.

I HAVE received your despatch No. 74 of the 21st ultimo, forwarding copy of a despatch from His Majesty's Consul-General at Bushire on the subject of the Karun irrigation scheme, and inquiring whether Messrs. Lynch or any other British capitalists are in treaty with the promoters of M. van Roggen's project.

I have to inform you, in reply, that, in the course of a conversation which he recently had with Mr. Maxwell, of this Office, Mr. Lynch stated that he had been approached by the promoters of this project, who had invited his participation in it, but that he did not divulge the nature of the reply which he has returned to these overtures.

This Department is not in possession of any information tending to show that any other British capitalist is interested in the scheme.

I remain of opinion that the proper course for His Majesty's Government to pursue in this matter is to follow the policy already laid down, namely, that any scheme of irrigation which they favour must have the support of the Sheikh of Mohammerah, and that they should keep in touch with that personage as he desires.

I am, &c.
(Signed) E. GREY.

[15443]

No. 165.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, May 24, 1907.

I AM directed by Secretary Sir Edward Grey to inform you that he has received a despatch from His Majesty's Minister at Tehran on the subject of trade routes in Western Persia.

In this communication Sir C. Spring-Rice quotes the opinion of His Majesty's Vice-Consul at Ahwaz that British trade in Western Persia is likely to suffer from Russian competition in consequence of the opening of the Russian road from Kazvin to Hamadan. Captain Lorimer states that the only way to save the situation is to open up the Dizful-Khorremabad route, which is the best and shortest way from the sea to Western and Central Persia, and for which your Company hold a Concession. The objection to this route, which has hitherto prevented them from making use of their Concession, is the state of continual disorder which prevails in the Lur country, and it is well to consider how this difficulty can best be overcome.

The Oriental Secretary of His Majesty's Legation had lately a conversation on this subject with the Muin-et-Tujjar.

In the course of this interview the Muin enlarged on the advantage which the opening of the road would bring to himself, and stated that, if your Company were willing to come to some arrangement with him as to the Dizful-Burujird section of the road, he would induce the Persian Road Syndicate, of which he was a member, to undertake the work, and that he had no doubt that the Assembly would support the undertaking by pressing the Persian Government to maintain order in the Luristan district. The Muin expressed the opinion that the above-named section of the road should be alienated to the Persian Road Syndicate, who, while themselves undertaking its construction and administration, would allot shares in it to Messrs. Lynch.

The Muin expressed his willingness to discuss details with Sir C. Spring-Rice, should your Company come to any decision in the matter.

I am accordingly to request that Sir E. Grey may be favoured with the views of your Company on this proposal, and I am to point out the possible advantages of sharing a Concession, which cannot now be exploited, with a Persian Company which might be able to open up and maintain order on this, the best trade route in South-western Persia, and thus render the Concession profitable.

Should the suggested project not be carried out, it is conceivable that the Persians and others interested in the maritime trade of Persia may take independent steps to safeguard their interests.

I am, &c.
(Signed) F. A. CAMPBELL.

[16834]

No. 166.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 64.)

(Telegraphic.) P.

Foreign Office, May 26, 1907.

SITUATION in Persia. My telegram No. 62 of the 21st May.

Although latest news is of a reassuring nature, warning has been sent to Commander-in-chief that he should be ready at short notice to sail from Colombo, and, in accordance with instructions previously issued, to take naval action in South Persian ports

[17050]

No. 167.

Sir A. Nicolson to Sir Edward Grey.—(Received May 27.)

(No. 274.)

Sir,

St. Petersburg, May 22, 1907.

WITH reference to your despatch No. 184 of the 15th instant, I have the honour to state that I have informed M. Tsvolsky in a private letter that His Majesty's Government propose to obtain the consent of the Persian Government to a prolongation

for twenty years of the concessions of the telegraph lines from Tehran to Bushire, from Jask to Gwadar, and of the Central Persian telegraph line to Robat. I explained to his Excellency that the existing concessions ran till 1925, but that as the Indo-European Company recently obtained a prolongation till 1945 of the concession of their line, it was considered desirable that the other concessions should be prolonged to the same date. I added that, as the two Governments kept each other informed of any steps which were taken in Persia, my Government considered it right to communicate to him what I had mentioned.

M. Isvolsky made no reply to this communication, and did not refer to it when I saw him this afternoon. I did not allude to it on my part, as I thought it was not necessary to afford him an opportunity of discussing the question.

I have, &c.
(Signed) A. NICOLSON.

[17106]

No. 168.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 27.)

(No. 122.)

(Telegraphic.) P.

Gulahek, May 26, 1907.

NEWS of a third arms caravan on its way to the frontier has reached the Persian Government.

They ask for assistance of British authorities in Beluchistan and in Persia. They hope that, if necessary, a frontier force will co-operate, on the invitation of Persian officials, even on the Persian side of the frontier.

The particulars are as follows: 200 armed Afghans escorting 400 camels with arms. They have changed their intention, which was to go to Duzdab. They will now follow Malek Siah and Girdichah route.

I said that only on a written request from the Persian authorities could our troops enter Persian territory.

[17279]

No. 169.

Sir A. Nicolson to Sir Edward Grey.—(Received May 27.)

(No. 78.)

(Telegraphic.) P.

St. Petersburg, May 27, 1907.

PERSIAN Convention.

The Russian Government, in an *aide-mémoire* which I have received to-day, agree with general sense of Articles I, II, III, and IV (including proposal for termination of Russian line at Zulfiar), as communicated to them in my *aide-mémoire* of the 22nd ultimo. There are, they consider, a few details of minor importance to be arranged, and when reply to draft Article V, communicated to you in my despatch No. 277 of the 23rd instant, has been received, they will then be prepared to finally draw up Convention.

A reply as to transfer of Meshed-Seistan telegraph lines is promised shortly.

[17106]

No. 170.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 66.)

(Telegraphic.) P.

Foreign Office, May 27, 1907.

At present moment it seems dangerous for British troops to operate in territory of Shah, even for object as laudable as that mentioned in your telegram No. 122 of yesterday. Popular feeling would probably be aroused by such action, which would also afford a precedent to Russian Government for armed intervention in North Persia.

You should inform Persian Government, if you receive a written request from them on the subject, that at present moment His Majesty's Government cannot entertain proposal, as they fear that it might be misrepresented. At the same time, you should state that Indian Government will take every possible step to stop caravan on Indian side of frontier, and express hope that Persian Government, on their side, will do likewise.

[17053]

No. 167*.

Sir A. Nicolson to Sir Edward Grey.—(Received May 27.)

(No. 277.)

Sir,

St. Petersburg, May 23, 1907.

I HAVE the honour to transmit herewith copy of a private letter and its inclosure, which I have received from M. Isvolsky, regarding the collection and the remission of the pledged revenues in the respective British and Russian zones in the event of the Persian Government defaulting in the regular payment of the coupons of the British and Russian loans.

In my despatch No. 261 of the 15th instant, I explained the doubts which M. Isvolsky felt as to accepting the draft Article V of the Persian Convention which I had communicated to him. The Memorandum which I now beg to transmit would, if His Majesty's Government agreed to its terms, be substituted for the above-mentioned Article.

I have, &c.
(Signed) A. NICOLSON.

Inclosure 1 in No. 167*.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Ministère Impérial des Affaires Étrangères,
le 10 (23) Mai, 1907.

EN me référant à notre conversation sur votre aide-mémoire du 11 (24) Avril dernier, je m'empresse de vous transmettre notre contre-projet de l'Article ayant trait au mode de perception des sommes dues à l'une des Parties Contractantes sur des revenus situés dans la sphère de l'autre. Vous ayant déjà fait part verbalement des considérations sur lesquelles est basé notre contre-projet, je m'abstiens, pour éviter tout retard, de les développer dans un Mémoire spécial, qui pourrait ne pas être prêt aujourd'hui même.

Votre sincèrement dévoué,
(Signé) ISVOLSKY.

Inclosure 2 in No. 167*.

Counter-Draft.

EN cas d'irrégularités dans l'amortissement ou le paiement des intérêts des emprunts Persans conclus jusqu'à la date de la signature du présent Arrangement en Russie ou en Angleterre, et si la nécessité se présente pour une des Parties Contractantes d'instituer un contrôle sur les sources de revenus garantissant le service régulier des emprunts conclus chez elle par la Perse et situées dans la sphère d'influence de l'autre partie, les Gouvernements Russe et Anglais s'engagent à entrer préalablement dans un échange d'idées amical en vue de déterminer d'un commun accord les moyens d'effectuer les mesures de contrôle en question et d'éviter toute ingérence dans les sphères respectives qui ne serait pas en conformité des principes gouvernant la présente Convention.

[1741]

[17394]

No. 171.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 28.)

(No. 125.)

(Telegraphic.) P.

Gulahek, May 28, 1907.

SITUATION in Persia.

The Shah having consented to the arrest of the incriminated persons, the excitement has subsided here. All is quiet in South, but the Salar-ed-Dowleh, the Shah's younger brother, is in revolt near Kermanshah, and military measures are being taken.

[17496]

No. 172.

Sir A. Nicolson to Sir Edward Grey.—(Received May 29.)

(No. 79.)

(Telegraphic.) P.

St. Petersburg, May 29, 1907.

INDO-EUROPEAN Telegraph Company's Concessions: Prolongation of.

Referring to your despatch No. 184 of the 15th instant.

I received to-day a Memorandum from Minister for Foreign Affairs in reply to my note of the 19th instant. It is pointed out in this Memorandum that the present state of things in Persia as regards the rights acquired respectively by Russia and Great Britain would suffer considerable change if the steps proposed by His Majesty's Government were carried out, as provinces situated in the proposed Russian sphere would be traversed by two of the lines. In order, therefore, not to depart from the understanding agreed upon at the commencement of the negotiations, the Memorandum considers that it would be just during the discussions, when, as in the present instance, the rights of the two parties are evidently in close connection with the present negotiations, not to introduce any change in these rights.

On handing me the Memorandum M. Isvolsky merely mentioned that it contained some observations on the note which he had received from me, and clearly wished to avoid my discussing it.

When we discuss, very shortly, the small amendments—which he assures me are merely drafting amendments—which he proposes to make in Articles I, II, III, and IV of draft Convention, I shall have an opportunity of going into this question with him, as there is a clause as to maintenance of existing Concessions in Article III.

I should be glad to learn your views on the language I am to hold, and also whether our right to propose the prolongation should at the present moment be insisted upon. Also I should be glad to be informed, as it is possible M. Isvolsky might allude to the matter, whether the moment is opportune for proposing to the Persian Government the prolongation of the Concessions, and whether any difficulties will be raised in the Persian Assembly.

(Repeated to Tehran.)

[17497]

No. 173.

Sir A. Nicolson to Sir Edward Grey.—(Received May 29.)

(No. 80.)

(Telegraphic.) P.

St. Petersburg, May 29, 1907.

COSSACK Brigade: Advances for payment of.

Referring to my telegram No. 50 of the 25th March.

I was informed to-day by M. Isvolsky that the advance of the necessary funds out of the share held by the Russian bank of the Russian joint advance was difficult on technical grounds. He observed that it was very necessary to obtain money from some source or another to pay the arrears due to the only reliable force in Persia, and that he was still discussing the question with the Minister for Finance.

(Repeated to Tehran.)

[17554]

No. 174.

Imperial Bank of Persia to Foreign Office.—(Received May 30.)

Sir,
I HAVE the honour to inclose copy of a telegram dispatched to-day to Tehran, the Board of Directors considering that, in the present impecunious state of the Persian Government and the activity of Mr. Gutmann, the agent of the German Orient Bank of Berlin at the Persian capital, it is well to show the Prime Minister that the Board of the Imperial Bank of Persia is anxious to assist the Government as far as may be possible.

I have, &c.
(Signed) G. NEWELL,
Manager.

Inclosure in No. 174.

Imperial Bank of Persia, London, to Chief Manager of Imperial Bank of Persia, Tehran.

(Telegraphic.) 25, Abchurch Lane, London, May 29, 1907.

INTERVIEW, Atabeg.

Say Directors anxious to help Persian Government to find money. Suggest bank raising London loan, on reasonable terms, somewhat similar to 1898 proposal.

[17633]

No. 175.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 30.)

(No. 127.)

(Telegraphic.) P.

Tehran, May 30, 1907.

AZERBAIJAN troubles.

I was informed confidentially by the Amin-es-Sultan that the Shah was only induced to yield as to the trial of the robber chief by the use of great pressure on his part.

The Government is rendered powerless by lack of troops and money, and anarchy is growing. The Assembly will neither allow the Government to borrow nor give money itself, although 2,000,000L. at least are wanted. I insisted that for him to borrow without the authority of the Assembly was personally and politically dangerous. His idea was to admit that the borrowed money should be completely controlled by the Assembly. I held out no hopes of a large loan being consented to by His Majesty's Government.

The money would, I am convinced, be wasted, and after a year the situation would be even worse.

The Russian Financial Agent has gone to St. Petersburg on leaving here.

17628]

No. 176.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 30.)

(No. 130.)

(Telegraphic.) P.

Tehran, May 30, 1907.

QUARANTINE.

Sanitary Council regrets insufficiency of personnel and sanitary appliances, although they strongly approve Williams' action.

The Council would be very grateful for assistance of Indian Government, although they cannot apply abroad for help, and the Persian Government has no funds.

[17635]

No. 177.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 30.)

(No. 131. Secret.)

(Telegraphic.) P.

Gulahek, May 30, 1907.

MOVEMENTS of M. Naus.

Naus left here to-day. He spent last evening at Russian Legation. He was invited to St. Petersburg last autumn, and I am privately informed that he is going there now, and that the late Financial Agent, Grube, has invited Naus' wife to stay at his house. Naus has lately been using his influence with his successor, as I am informed from two good sources, in order to prevent the customs from producing sufficient funds for payment of July interest. The occupation of ports would thus be justified. Next week the Russian Financial Agent is expected to arrive in St. Petersburg.

Naus is now an open advocate of destruction of popular party and of restoration of Shah's power by means of foreign subsidy to Shah, and is closely connected with the court reactionary party.

[17053]

No. 178.

Foreign Office to India Office.

Sir,

Foreign Office, May 30, 1907.

WITH reference to previous correspondence relative to the negotiations now in progress between Great Britain and Russia for an Agreement to regulate the relations of the two Powers in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copies of two despatches from His Majesty's Ambassador at St. Petersburg,* relative to a proposal put forward by the Russian Minister for Foreign Affairs regarding the collection and remission of the pledged revenues in the British and Russian zones respectively in the event of the Persian Government defaulting in the payment of the interest and amortization of the British and Russian loans.

It will be observed that the earlier of these despatches sets forth M. Isvolsky's reasons for putting forward the counter-draft of Article 5 of the proposed Agreement, which is inclosed in the later one.

The Article proposed by M. Isvolsky appears to Sir E. Grey to be unobjectionable as far as it goes, but he would prefer to obtain the insertion of some stipulation excluding the eventuality of the Russian Government themselves attempting to collect the customs duties in the British zone, which they would apparently be entitled to do under their loan contracts with the Persian Government in the event of the latter failing to maintain their obligation.

Sir E. Grey considers that this result might be secured by the addition to M. Isvolsky's proposed Article of the words, "and to avoid all interference which would not be in conformity with the principles governing the present Convention."

I am accordingly to state that, subject to the concurrence of Mr. Secretary Morley, Sir E. Grey proposes to accept M. Isvolsky's counter-draft of Article 5 with the above addition.

I am, &c.
(Signed) L. MALLET.

[17717]

No. 179.

Sir A. Nicolson to Sir Edward Grey.—(Received May 31.)

(No. 285.)

Sir,

St. Petersburg, May 28, 1907.

I HAVE the honour to transmit herewith copy of an *aide-mémoire* which I have received from M. Isvolsky relative to the draft Convention concerning Persia. I will

* Nos. 154 and 167*.

take an early opportunity of ascertaining from his Excellency what are the points in Articles I, II, III, and IV on which the Russian Government desire some slight modifications.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 179.

Aide-mémoire.

LE Gouvernement Impérial se trouve d'accord avec le sens général des Articles I, II, III, et IV du projet de Convention sur la question de la Perse tel qu'il a été proposé dans l'aide-mémoire de l'Ambassade d'Angleterre du 9 (22) Avril dernier, y inclus la condition que la ligne qui démarque la sphère d'influence Russe aboutisse à Zulfagar; il ne considère nécessaire que de régler quelques détails d'importance secondaire, tel, par exemple, le tracé définitif de cette ligne, d'écarter ou de changer quelques expressions insuffisamment claires et déterminées qui seraient de nature à provoquer des contestations, et de mettre la dernière main à la rédaction de la Convention, aussitôt qu'il sera en possession de la réponse de l'Ambassade au sujet d'une nouvelle rédaction de l'Article V, communiquée à Sir Arthur Nicolson le 10 (23) Mai courant.

Quant à la question de l'échange des lignes télégraphiques, le Ministère Impérial se réserve de faire parvenir incessamment à l'Ambassade Britannique un projet d'accord y relatif.

Saint-Petersbourg, le 14 (27) Mai, 1907.

[17741]

No. 180.

Imperial Bank of Persia to Foreign Office.—(Received May 31.)

Sir, 25, Abchurch Lane, London, May 31, 1907.
IN continuation of my letter of the 29th instant, I have the honour to inclose, for your information, copy of a telegram received to-day from the Chief Manager of the Imperial Bank of Persia in Tehran.

I have, &c.
(Signed) G. NEWELL, Manager.

Inclosure in No. 180.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)
(Telegraphic.)

Tehran, May 31, 1907.

IN view of opposition English and Russian advance, it is rumoured that Persian Government negotiating with Germany. It is impossible to obtain interview Atabeg, repeatedly applied for.

[17720]

No. 181.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 31.)

(No. 132.)
(Telegraphic.) P.

Gulahek, May 31, 1907.

THE Shah is stated to have consented to German loan to National Bank subject to consent of Assembly. The rumour is, however, unconfirmed.

[17751]

No. 182.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 31.)

(No. 133.)

(Telegraphic.) P.

Tehran, May 31, 1907.

PROLONGATION of Telegraph Concession.

I propose to suspend action until I receive further instructions, in view of Sir A. Nicolson's telegram.

Reference is to your despatch No. 77 of the 15th May.

[17753]

No. 183.

Sir C. Spring-Rice to Sir Edward Grey.—(Received May 31.)

(No. 134.)

(Telegraphic.) P.

Tehran, May 31, 1907.

TELEGRAPHS.

Unless Russian Government is opposed, there should be no great difficulty. A request from us might in any case bar possible agreement with Dresden Bank, by whom, as I hear, telegraphic connection from Constantinople to India through Persia is desired.

Reference: Sir A. Nicolson's telegram No. 79 of the 29th May.

[17496]

No. 184.

Foreign Office to India Office.

Sir,

Foreign Office, June 1, 1907.

WITH reference to your letter of the 8th ultimo, relative to the question of renewing the contracts of the Indo-European Telegraph Department in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Ambassador at St. Petersburg,* requesting that he may be furnished with instructions as to what language he should hold to the Russian Minister for Foreign Affairs in the discussion of this subject with his Excellency.

Sir E. Grey would propose, subject to the concurrence of Mr. Secretary Morley, to inform Sir A. Nicolson that, in pressing for a renewal of these contracts, His Majesty's Government regarded the "maintenance of existing Concessions" as implying their renewal if the Persian Government agreed to it. In view, however, of the objections raised by M. Isvolsky, they are not disposed to press the point at this moment, but if the Convention now under discussion between Great Britain and Russia is concluded, they would, in the event of the renewal of the contracts being obtained, be willing to renounce the right to work that section of the line which lies within the proposed Russian sphere (i.e., that between Tehran and Ispahan) on the expiration of the present Concession.

I am to request that an early answer may be returned to this letter.

I am, &c.
(Signed) L. MALLET.

[17880]

No. 185.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 2.)

(No. 135.)

(Telegraphic.) P.

Gulahek, June 2, 1907.

NATIONAL Bank.

With reference to my telegram No. 132 of the 31st May, Mr. Churchill was yesterday informed by the Sani-ed-Dowleh that there can be no question of allowing a foreign loan or of accepting foreign help for the National Bank. Foreign loans or concessions, however innocent, were almost out of the question in the present temper of

the people. In his opinion the country could, without financial help, "hang on" till the end of the present crisis, which would be simultaneous with the introduction of reforms.

News received from other sources confirm the above information.

[17879]

No. 186.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 2.)

(No. 136.)

(Telegraphic.) P.

Tehran, June 2, 1907.

WITH reference to the payment of the Cossacks, referred to in Sir A. Nicolson's telegram No. 80 of the 29th ultimo, I am ignorant as to what proposals are. I would, however, strongly urge that at the present moment no advance whatever should be made by His Majesty's Government, as serious consequences might be entailed for British subjects. The situation in the town here gives no reason for anxiety.

[17881]

No. 187.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 2.)

(No. 137.)

(Telegraphic.) P.

Tehran, June 2, 1907.

GUTMANN leaves for Ispahan to-morrow. He tells me that there has been no question of loan, but that Dresden bank wants a telegraph station in Persian territory with a view to extending its Constanza-Constantinople telegraph line through Persian Gulf to Africa. It would be better, I said, if Count Metternich spoke to you.

What views as to Concessions west of Bunder Abbas are at present held by His Majesty's Government?

[17882]

No. 188.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 2.)

(No. 138.)

(Telegraphic.) P.

Gulahak, June 2, 1907.

AN insurrection against the Government has been raised by the Salar-ed-Dowleh, the Shah's younger brother. The Government is sending a force with artillery against the Salar, who has a large force of Lurs between Hamadan and Kermanshah. He has also appealed to us.

I was yesterday summoned by the Shah who asked me to send a message, threatening him in case he does not submit, but promising forgiveness and a new Governorship if he does. The Assembly also sent a similar message. I informed M. Hartwig who appears, without informing me, to have instructed his Consul also to take action.

[18286]

No. 189.

Messrs. Ellinger and Co. to Board of Trade.—(Communicated to Foreign Office, June 4.)

Dear Sir,

28, Oxford Street, Manchester, May 30, 1907.

WE have been asked by one of our Persian friends, Haji Aga Mohamed Dehdashty Moutudjar, of Tehran and Bushire, who is a director of the new Persian State Bank, to enter into negotiations with a bank of first-rate standing in this country, which will be prepared to act as Agent here for the Persian State Bank, and our friend writes that he is about to have an interview with the British Ambassador at Tehran on this subject.

As it appears to us that it would not be in the interests of any of the parties concerned—if the Foreign Office is interested and moving in the matter—that we should act independently of any steps the Foreign Office may be taking, or desire to take, we should be obliged if you could ascertain the views of the Foreign Office on the subject.

Should the Foreign Office prefer us to move in the matter without previous consultation with them, we should be pleased if you could, perhaps, ascertain for us

which of the English banks of first-rate standing would be prepared to consider business of this description.

We understand that the capital of the new bank is 200,000*l.*, but we should be glad if you could ascertain for us whether this is all paid up, and if not, how much. You could probably get this information from the Foreign Office, and at the same time we should be glad to have any further particulars regarding the bank which you can obtain for us.

We are, &c.
(Signed) ELLINGER AND Co.

[18226]

No. 190.

India Office to Foreign Office.—(Received June 4.)

Sir,

India Office, June 3, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter dated the 30th ultimo, with which you inclose the counter-draft proposed by M. Isvolsky of Article V of the Agreement now under consideration to regulate the relations of Great Britain and Russia in Persia.

In reply, I am to state that Mr. Morley concurs in the proposal of Secretary Sir E. Grey to accept the counter-draft with the addition of the words quoted in the last paragraph but one of your letter, of which the object is to exclude the eventuality of the Russian Government themselves attempting to collect the customs duties in the British zone.

I am, &c.
(Signed) A. GODLEY.

[18233]

No. 191.

Mr. Preece to Sir Edward Grey.—(Received June 4.)

Sir,

1, St. James's Place, S.W., June 3, 1907.

I HAVE the honour to acknowledge the receipt of your despatch of the 21st May, inclosing me a copy of a despatch of Sir Cecil Spring-Rice of the 25th April, reporting an interview he had had with the Shuja-es-Sultan when the Agreement made with the Bakhtiari Chiefs was the topic of conversation.

This Agreement was made by the Chiefs with their eyes open and after prolonged discussion. The question of this very property was raised by the Sarun-ul-Mulk, who, as he was the owner, as he said, wanted special consideration, but this was refused, and the Chiefs, it was decided, should settle the matter among themselves. For this reason he was got to sign the Agreement. He now is the Ilkbeggi of the tribe. There was no harsh or arbitrary clauses in it, and an honest *quid* is given for the *quo*. It was within the power of the Syndicate, as covered by Article 3 of the Concession, to have insisted on their right of working the lands of the Bakhtiari without making a separate and special Agreement, but it was out of consideration for the Chiefs and their known friendship to the Government which led to these specific negotiations.

The Syndicate absolutely decline to cancel the present Agreement and negotiate a fresh one, it is neither right or reasonable that they should be called upon to do so. To cancel it, or even to acquiesce in such a thing, pending the making of another, is not to be thought of; it would, to use a Persian expression, be putting our beads in their hands to be twisted. For the Shuja-es-Sultan to demand its cancellation in this sort of money or your life way reminds one of old Persia, but with the advent of the "Meglis" and "Constitution" it would be supposed another and milder order of working should prevail.

With reference to what the Meftah-es-Sultaneh has communicated to His Majesty's Minister, insisting on the Persian Government's right to renew the contract. The Government have no shadow of such right. When the Agreement was made, following the precedent of the Lynch Road Agreement, the Persian Government were asked to take note of it, but strangely enough they refused; this was a gratuitous

courtesy paid to them, and in no sense necessary according to the original Concession. Article 3 of which runs as follows:—

“The Imperial Persian Government grants gratuitously to the concessionnaire all uncultivated lands belonging to the State which the concessionnaire's engineers may deem necessary for the construction of the whole or any part of the above-mentioned works. As for cultivated lands belonging to the State, the concessionnaire must purchase them at the fair and current price of the province.

“The Government also grants to the concessionnaire the right of acquiring any other lands or buildings necessary for the said purpose, with the consent of the proprietors, on such conditions as may be arranged between him and them without their being allowed to make demands of a nature to surcharge the prices ordinarily current for lands situate in their respective localities. Holy places with all their dependencies within a radius of 200 Persian archines are formally excluded.”

By this it is patent that the concessionnaire was at liberty to come to terms with the Chiefs without consulting the Government.

With reference to the negotiating the terms of additions to the present Arrangement, the Syndicate have already put the matter in the hands of His Majesty's Minister and Captain Lorimer. By my despatch of the 20th May, I had the honour to inform you that, as regards Mr. Paul Kitabji, the Syndicate were willing that he should be acknowledged openly as their Agent under the control of His Majesty's Minister, and should there be occasion to utilize his services in Tehran in the way indicated by His Majesty's Minister, the Syndicate hopes that the Minister will use his own discretion, but trust that he (Mr. Kitabji) will be bound down by the very strictest instructions. For instance, I would suggest that he might be informed of this correspondence and instructed to try and induce the Atabeg Azam, who is largely interested in the success of the undertaking, to use his influence both with the Shuja-es-Sultan and the Ilkhani of the Bakhtiari to carry out this Agreement without let or hindrance. Taking into consideration his influence with the Atabeg, it appears to me that his services might usefully be employed in some such way.

As regards Sir Cecil Spring-Rice's last paragraph, that the Legation should only be invoked as a last resource, I would beg to point out that in this case, as in the case of the Lynch Road, the Legation was called in from the commencement, and the preliminary talks were initiated by the then Minister, and that in all dealings with the Chiefs the Legation has been the chief spokesman, therefore any slackening of the outward show of interest on the part of the Legation would be disastrous to this undertaking, both Bakhtiari Chiefs and Persian Government, according to their Persian natures, would at once jump to the conclusion that the Syndicate no longer had the support of His Majesty's Government, and would apply the screw in every direction.

The Syndicate are much beholden to Sir Cecil Spring-Rice for all the trouble he has taken over their business, and regret that it should have been necessary, but they trust that he will continue to give it the same attention and support he has hitherto done, and so enable them to bring it to fruition. This is all the more important just now and in the immediate future, as it is anticipated that oil may be obtained any day, and on this happening we shall have to deal not only with the greed and dishonesty of the Bakhtiari, but also with their cupidity.

I have, &c.
(Signed) S. R. PREECE.

[18283]

No. 192.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 4.)

(No. 139.)

(Telegraphic.) P.

Gulahek, June 4, 1907.

GERMAN Minister says that the question of a telegraph station in the Gulf has not been raised here at all, and that he has advised Gutmann to raise it in Berlin if he wishes to do so.

Refer to my telegram No. 137, 2nd instant.

[18312]

No. 193.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 4.)

(No. 140.)

(Telegraphic.) P.

Gulahek, June 4, 1907.

I HAVE requested the Manager of the Imperial Bank, who has been instructed to offer the good offices of the bank to the Amin-es-Sultan for a loan on terms the same as 1898 offer, i.e., immediate control of customs, to postpone communication of the proposal.

It appears not only politically inexpedient, but also inconsistent with our verbal agreement with Russia, and I venture to suggest that the bank Directors may be warned if this is done without your knowledge.

[15437]

No. 194.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 97.)

Sir,

Foreign Office, June 4, 1907.

I HAVE received your despatch No. 77 of the 23rd April forwarding a despatch from His Majesty's Consul-General at Ispahan which describes in detail the circumstances in which His Majesty's Consulate-General at that place was occupied by the party hostile to the Zil-es-Sultan, and reporting the steps which you yourself have taken and propose to take in the matter.

I approve your action in laying the facts of the case before the Persian Government and Assembly, and the statement which you made in doing so.

I also approve your suggestion to present a claim to the Persian Government on Mr. Barnham's behalf on account of the damage done to the premises of His Majesty's Consulate-General by the refugees as well as the terms in which you propose to address that Government on that occasion.

Mr. Barnham's proceedings in this matter have already been approved.

In view of the fact that a considerable time is likely to elapse before the Persian Government can be induced to pay this claim, I have caused a letter to be addressed to the Treasury requesting that the sum required by Mr. Barnham for the execution of the necessary repairs may be advanced to him.

With reference to the third paragraph of your despatch in which you observe that I informed you that the Russian Government would be not unwilling to give to the Zil-es-Sultan assurances similar to those already given to him by His Majesty's Government on the understanding "that they should not be pledged to assist him to recover his lost Governorship," I have to point out to you that your quotation of the condition imposed by the Russian Government is not quite correct. This condition, as stated in Sir A. Nicolson's telegram No. 66 of the 18th April, repeated to you in my telegram No. 49 of the next day, was that the Russian Government would only consider themselves bound by their assurances so long as the Zil-es-Sultan abstained from efforts to obtain the restoration of his Governorship.

Mr. Barnham's despatch, which was sent in original, has already been returned to you.

I am, &c.
(Signed) E. GREY.

[17753]

No. 195.

Foreign Office to India Office.

Sir,

Foreign Office, June 4, 1907.

WITH reference to my letter of the 1st instant relative to the renewal of the contracts of the Indian Government Telegraph Department in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith, for the consideration of Mr. Secretary Morley, copy of a telegram from His Majesty's Minister at Tehran,* suggesting that a request for renewal on the part of His Majesty's Government might

* No. 183.

[1741]

2 P

prevent the Persian Government from granting the concession desired by the Dresdner Bank for telegraphic connection from Constantinople through Persia to India.

I am, &c.
(Signed) F. A. CAMPBELL.

[18226] No. 196.

Sir Edward Grey to Sir A. Nicolson.

(No. 71.)
(Telegraphic.) P. Foreign Office, June 5, 1907.

PERSIAN Convention: Your despatch No. 277 of the 23rd ultimo.

A despatch will be sent to you by next messenger containing a few slight modifications which we should like to be inserted in the Preamble.

With regard to Article V, we accept M. Isvolsky's text, with following words added: "and to avoid all interference which would not be in conformity with the principles governing the present Convention."

[18312] No. 197.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 67.)
(Telegraphic.) P. Foreign Office, June 5, 1907.

LOAN to Persia: Your telegram No. 140.

I approve your action.

Imperial Bank of Persia have been informed that from a political point of view their proposed action appears to me to be highly inexpedient, and it has been suggested to them that at the present juncture they should refrain from making proposals.

His Majesty's Government will of course dissociate themselves from the proceeding, if they disregard this request.

[18312] No. 198.

Foreign Office to Imperial Bank of Persia.

Sir, Foreign Office, June 5, 1907.

I AM directed by Secretary Sir Edward Grey to inform you that he has received a telegram from His Majesty's Minister at Tehran reporting that the Manager of the Imperial Bank of Persia at that capital has informed him of his instructions, mentioned in your letter to this Office of the 29th ultimo, to offer to the Amin-es-Sultan the good offices of the bank for a loan on the same terms as those offered in 1898, that is to say, in return for the immediate control of the Persian customs.

Sir C. Spring-Rice adds that he has requested M. Rabino to postpone the communication to the Amin-es-Sultan of this proposal, which he considers highly inexpedient at the present moment from a political point of view.

I am to inform you that Sir E. Grey fully shares the opinion expressed by Sir C. Spring-Rice on this point, and would express the hope that the bank will instruct M. Rabino not to put forward these proposals at the present juncture.

I am, &c.
(Signed) L. MALLET.

[18564] No. 199.

Sir A. Nicolson to Sir Edward Grey.—(Received June 6.)

(No. 86.)
(Telegraphic.) P. St. Petersburg, June 6, 1907.

I AM sending by to-day's messenger a Memorandum containing some amendments proposed by the Minister for Foreign Affairs in the preamble and first four Articles of the Persian Convention.

The amendments seem to me in some points an improvement, and generally acceptable.

[18555] No. 200.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 6.)

(No. 141.)
(Telegraphic.) P. Gulahek, June 6, 1907.

AN insulting reply to the Shah's message has been sent by His Majesty's brother, the Salar-ed-Dowleh. The troops are close together near Nehavend, and the Salar says he will attack at once.

[18561] No. 201.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 68.)
(Telegraphic.) P. Foreign Office, June 6, 1907.

QUARANTINE arrangements.

Your telegram No. 130 of the 30th May.

Defrayal of half the costs of improvements from British funds is proposed by Government of India. Treasury sanction would be required for this, but estimates from India must be received before this can be obtained. Meanwhile, Sanitary Council should be informed that matter is still being considered, and that it will, it is hoped, be possible to meet their wishes.

[17053] No. 202.

Sir Edward Grey to Sir A. Nicolson.

(No. 225.)
Sir, Foreign Office, June 6, 1907.

I HAVE received your Excellency's despatch No. 277 of the 23rd ultimo, forwarding copy of a private letter from the Russian Minister for Foreign Affairs, in which was inclosed an Article which his Government desire to substitute for Article V of the draft Anglo-Russian Convention respecting Persia proposed by His Majesty's Government.

I now transmit to your Excellency herewith a revised draft Convention, embodying certain modifications which, after further consideration, His Majesty's Government would desire to see introduced into that Agreement.

Your Excellency will observe that most of the modifications made affect the preamble of the instrument.

For the expression "to maintain order and peaceful development throughout the whole extent of the Persian Empire" has been substituted the phrase "for the preservation, &c." This alteration has been made in consequence of the opinion expressed by His Majesty's Minister at Tehran in his despatch No. 69 of the 11th April that the original wording might be held to imply an intention on the part of the two Governments to arrogate to themselves the right of maintaining order in the dominions of the Shah, and that such an expression cannot fail to produce an unfortunate effect on the minds of the Persian Government and people.

Although, as your Excellency is well aware, the two Governments have, in fact, no such intention, it seems nevertheless desirable to remove the possibility of any such misunderstanding, and it is hoped that the phrase which it is now proposed to employ will effect this object.

In the second paragraph of the preamble it has been thought well to insert a reference to the special interest of Great Britain in the maintenance of the *status quo* in the Persian Gulf. This clause has been added in view of the strong and explicit declarations of my predecessor on this subject, which is evidently one of paramount importance to Great Britain. It is felt that the omission from the present Agreement of any mention of this point would make a bad impression on public opinion in this country, and seriously affect the popularity of the Agreement when concluded. His Majesty's Government therefore press for the insertion of these words in the preamble, in order to secure that the Agreement, when announced in this country, should be accepted from the first by both parties with goodwill.

In Article I the words "At a point on the Persian frontier adjoining the intersection of the Russian and Afghan frontiers" have been substituted for the words

"on the Afghan frontier near Zulfikar." This change has been introduced at the suggestion of the India Office, who have pointed out that Zulfikar is well within the territory of Afghanistan. The substituted wording has the further advantage of emphasizing the fact that the end of the line defining the Russian sphere lies in Persia, and not in Afghanistan.

Articles II, III, and IV of the Russian draft are retained unaltered.

The draft Article put forward by the Russian Government in place of the British Article V is accepted, with the addition, at the end, of the following clause:—

"And to avoid all interference in the respective spheres which would not be in conformity with the principles governing the present Convention."

These words have been inserted in order specifically to exclude all possibility of the exercise by Russia of her right of control over such of the sources of revenue affected to the service of the Russian loans in Persia as lie within the British sphere in the event of irregularity occurring in the service of those loans, as foreseen in the Article.

The Article has also been subjected to a few verbal alterations, which, it is thought, will render its sense more explicit.

In communicating to M. Isvolsky these proposals, which it is hoped will prove acceptable to the Russian Government, your Excellency will exercise your discretion as to how far you should discuss with him the considerations which have given rise to them.

I am, &c.
(Signed) E. GREY.

[18690]

No. 203.

Sir A. Nicolson to Sir Edward Grey.—(Received June 7.)

(No. 87.)

(Telegraphic.) P.

PERSIAN Convention.

Article V of Persian Convention.

Russian text with proposed addendum. I have informed M. Isvolsky of His Majesty's Government's acceptance, but I venture to suggest following drafting amendments in Russian text, which I might submit to him, subject to your approval:—

"Persian loans concluded in Russia and England." To replace this by "Persian loans concluded with the Banque d'Escompte et des Prêts de Perse and the Imperial Bank of Persia." The Discount Bank, and not Russia, is mentioned in the Russian amendments to Article IV, sent to you by bag yesterday.

In order to avoid using the phrase "sphere of influence," which it is desirable to omit, I would suggest that instead of the words "and situated in the sphere of influence of the other party," we should adopt some other wording such as "and situated as regards the revenues assigned to the former bank in the regions mentioned in Article II, and as regards those assigned to the latter bank in the regions mentioned in Article I.

[18693]

No. 204.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 7.)

(No. 142.)

(Telegraphic.) P.

Gulahek, June 7, 1907.

With regard to the general situation in Persia, a conflict is probable in the south-west. The Government troops may be beaten, as they are inefficient and unpaid. Men and guns are only got to start from Tehran with great difficulty. The extremists have gained the upper hand at Tabreez, and a corn merchant has been beaten to death. Fars and the south quiet; but Bakhtiari country very disturbed.

As a protest against the refusal of equal rights by the Assembly, the Armenians are threatening to take refuge in the British Legation. I have had the gates closed. There are two men whose surrender the Government has demanded among the 2,000 refugees now in the Kermanshah Consulate.

British subjects are not threatened.

The Turks are active both north and south on the frontier.

Inclosure in No. 202.

Revised Draft Convention.

THE Governments of Great Britain and Russia, having mutually engaged to respect the integrity and independence of Persia, and being animated by a sincere desire for the preservation of order throughout the Persian Empire and for the peaceful development of that country as well as for the permanent establishment of equal advantages for the trade and industry of all other nations;

Considering that each of them has, for geographical and economic reasons, a special interest in the maintenance of peace and order in certain provinces of Persia adjoining, or in the neighbourhood of, the Russian frontier on the one hand, and the frontiers of Afghanistan and Baluchistan on the other hand, and that Great Britain has a special interest in the maintenance of the *status quo* in the Persian Gulf, and being desirous of avoiding all cause of conflict between their respective interests in the above-mentioned regions;

Have agreed upon the following Convention:—

ARTICLE I.

Great Britain engages not to seek for herself, and not to support in favour of British subjects or in favour of the subjects of third Powers, any concessions of a political or commercial nature—such as concessions for railways, banks, telegraphs, roads, transport, insurance, &c.—beyond a line starting from Kasr-i-Shirin, crossing Isfahan, Yazd, and Kakhk and ending at a point on the Persian frontier at the intersection of the Russian and Afghan frontiers, and not to oppose, directly or indirectly, demands for similar concessions in this region which are supported by the Russian Government.

[1711]

LES Gouvernements de la Grande-Bretagne et de la Russie, s'étant mutuellement engagés à respecter l'intégrité et l'indépendance de la Perse, et animés d'un sincère désir pour la préservation de l'ordre dans toute l'étendue de l'Empire Persan et pour le développement pacifique de ce pays, aussi bien que pour l'établissement permanent des avantages égaux pour le commerce et l'industrie de toutes les autres nations;

Considérant que chacun d'eux a, pour des raisons d'ordre géographique et économique, un intérêt spécial au maintien de la paix et de l'ordre dans certaines provinces de la Perse contiguës ou voisines à la frontière Russe, d'une part, et aux frontières de l'Afghanistan et du Béloudjistan, de l'autre; et que la Grande-Bretagne a un intérêt spécial au maintien du *statu quo* au Golfe Persique, et étant désireux d'éviter tout motif de conflit entre leurs intérêts respectifs dans les régions susmentionnées;

Se sont mis d'accord sur la Convention suivante:—

ARTICLE I.

La Grande-Bretagne s'engage à ne pas rechercher pour elle-même et à ne pas appuyer en faveur de sujets Britanniques, aussi bien qu'en faveur de sujets de Puissances tierces, de concessions quelconques de nature politique ou commerciale—telles que les concessions de chemin de fer, de banques, de télégraphes, de routes, de transport, d'assurance, &c.—au delà d'une ligne partant de Kasr-i-Shirin, traversant Isfahan, Yazd, et Kakhk et aboutissant à un point sur la frontière Persane contiguë à l'intersection des frontières Russe et Afghane, et à ne pas s'opposer, directement ou indirectement, à des demandes de pareilles concessions dans cette région soutenues par le Gouvernement Russe.

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ARTICLE II.

Russia, on her part, engages not to seek for herself and not to support, in favour of Russian subjects, or in favour of the subjects of third Powers, any concessions of a political or commercial nature—such as concessions for railways, banks, telegraphs, roads, transport, insurance, &c.—beyond a line going from the Afghan frontier by way of Gazik, Birjand, Kerman, and ending at Bunder Abbas, and not to oppose, directly or indirectly, demands for similar concessions in this region which are supported by the British Government.

ARTICLE III.

Russia, on her part, further engages not to oppose, without previous arrangement with Great Britain, any grant of concessions to British subjects in the regions of Persia within the lines mentioned in Articles I and II. Great Britain undertakes a similar engagement as regards the grant of concessions to Russian subjects in the same regions of Persia.

All existing concessions within the lines mentioned in Articles I and II are maintained.

ARTICLE IV.

It is understood that the revenues of all the Persian customs, with the exception of those of Farsistan and of the Persian Gulf, guaranteeing the amortization and the interest of the loans concluded by the Government of the Shah with the "Banque d'Escompte et des Prêts de Perse" up to the date of the signature of the present Arrangement, shall be devoted to the same purpose as in the past.

It is equally understood that the revenues of the Persian customs of Farsistan and of the Persian Gulf, as well as those of the fisheries on the Persian shore of the Caspian Sea and those of the Posts and Telegraphs, shall be devoted, as in the past, to the service of loans concluded by the Government of the Shah with the Imperial Bank of Persia up to the date of the signature of the present Arrangement.

ARTICLE II.

La Russie, de son côté, s'engage à ne pas rechercher, pour elle-même, et à ne pas appuyer en faveur de sujets Russes, aussi bien qu'en faveur de sujets de Puissances tierces, de concessions quelconques de nature politique ou commerciale—telles que les concessions de chemin de fer, de banques, de télégraphes, de routes, de transport, d'assurances, &c.—au delà d'une ligne allant de la frontière Afghane par Gazik, Birjand, Kerman, et aboutissant à Bender-Abbas, et à ne pas s'opposer, directement ou indirectement, à des demandes de parcelles concessions dans cette région soutenues par le Gouvernement Britannique.

ARTICLE III.

La Russie, de son côté, s'engage, en outre, à ne pas s'opposer, sans entente préalable avec la Grande-Bretagne, à des concessions en faveur de sujets Britanniques dans les régions de la Perse entre les lignes dont il a été fait mention aux Articles I et II. La Grande-Bretagne prend un engagement identique à l'égard des concessions en faveur de sujets Russes dans les mêmes régions de la Perse.

Toute concession actuellement en vigueur dans les limites dont il a été fait mention aux Articles I et II est maintenue.

ARTICLE IV.

Il est entendu que les revenus de toutes les douanes Persanes, à l'exception de celles du Farsistan et du Golfe Persique, revenus garantissant l'amortissement et les intérêts des emprunts conclus par le Gouvernement du Shah à la Banque d'Escompte et des Prêts de Perse jusqu'à la date de la signature du présent Arrangement, seront affectés au même but que par le passé.

Il est également entendu que les revenus des douanes Persanes du Farsistan et du Golfe Persique, aussi bien que ceux des pêcheries sur le littoral Persan de la Mer Caspienne et ceux des Posts et Télégraphes, seront affectés, comme par le passé, au service des emprunts conclus par le Gouvernement du Shah avec la Banque Impériale de Perse jusqu'à la date de la signature du présent Arrangement.

ARTICLE V.

In the event of irregularities occurring in the amortization or the payment of the interest of the Persian loans concluded with the "Banque d'Escompte et des Prêts de Perse" and with the Imperial Bank of Persia up to the date of the signature of the present Arrangement, and in the event of the necessity arising, for Russia to establish control over the sources of revenue which are affected to the regular service of the loans concluded with the first-named bank, and which are situated in the regions mentioned in Article II of the present Convention, or for Great Britain to establish control over the sources of revenue which are affected to the regular service of the loans concluded with the second-named bank, and which are situated in the regions mentioned in Article I of the present Convention, the British and Russian Governments undertake to enter beforehand into a friendly exchange of ideas with a view to determine, in agreement with each other, the means of giving effect to the measures of control in question, and to avoid all interference which would not be in conformity with the principles governing the present Convention.

ARTICLE V.

[18564]

No. 205.

Sir Edward Grey to Sir A. Nicolson.

(No. 72.)

(Telegraphic.) P.

Foreign Office, June 7, 1907.

YOUR telegram No. 86: Persian Convention.

Mr. O'Beirne left last night with amendments which we desire to be inserted, but until we have had an opportunity of considering those proposed by M. Isvolsky it is advisable that you should not communicate them to him.

[18839]

No. 206.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 8.)

(No. 143.)

(Telegraphic.) P.

Gulahek, June 8, 1907.

It is reported by the British Consul at Kermanshah that the situation is serious, the Government troops incapable, and the attitude of the tribes menacing. I have informed him that no military measures will be taken by His Majesty's Government; that he should consult with his Russian and Turkish colleagues as to removing or arranging for the protection of foreign subjects if they are in danger; and that all risks for the colony or for himself should be avoided.

I presume that the Consul should have full powers to withdraw himself and colony if desirable, also that military action if necessary will be left to Turkey.

I am consulting my Turkish and Russian colleagues.

[18846]

No. 207

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 9.)

(No. 144.)

(Telegraphic.) P.

Gulahek, June 9, 1907.

~~WITH reference to your telegram No. 69 of the 8th instant,~~ Turkish inroads on a large scale in Luristan, at Baneh, and at Serdasht are complained of by the Persian Government. The occupation of Persian territory near Urmi has been reported to the Russian Legation, and a collision near Mandali is reported from Bagdad.

The Persian Government asks that Russian and British Embassies at Constantinople will help.

(Confidential.)

The Persian Government are much afraid of Turkish intervention in the Luristan rebellion. The Salar has appealed to the Turkish Embassy.

I am informed that it is the desire of the Turkish Government, in view of possible Russian occupation of Azerbaijan, to settle frontier question in the north-west in accordance with their interests.

[18857]

No. 208.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 98.)

Sir,

Tehran, May 18, 1907.

I HAVE the honour to inform you that, on receipt of my new letters of credence, I asked for an audience of the Shah in order to present them to His Majesty.

The audience was accorded me, and I proceeded to the Palace on the 7th instant with the staff of His Majesty's Legation.

The Shah received me standing, and supporting himself on a stick, as he had recently been suffering from an attack of gout. The Foreign Minister was present, but not the Amin-es-Sultan.

His Majesty was exceedingly amiable. He inquired with great interest as to the health of the King, and as to His Majesty's recent voyage, and the visits which had been made to the Kings of Italy and Spain. I said that I should be glad to be able to inform the

[1741]

2 Q

King as to a real improvement in His Majesty's health, and expressed satisfaction that the son of a learned and trusted counsellor of the King should be one of the Shah's medical advisers. The Shah expressed his thanks, and said that he had the highest opinion of Dr. Lindley's medical acquirements as well as of his personal qualities. I then observed that His Majesty's Government had learned with much satisfaction of the good understanding which now existed between the Shah and his people; and that our own experience showed that such an understanding was the best and surest guarantee for the power and happiness of a nation and its Sovereign. His Majesty answered at once, and with emphasis: "I know that the nation is made for the King and the King for the nation, and that both must work together." He added, however, that there was much disorder in the country, which he regretted. I said that in the future, as in the past, he could count on the cordial co-operation of the British Sovereign and his Government in all that concerned the good of Persia, in which they were so deeply interested, and I said I was very happy to have been lately the instrument of the friendly policy of my Government. I referred to the delay which had been recently accorded by His Majesty's Government as to the payment of the interest due on the British loan. His Majesty understood the allusion, and turning to the Foreign Minister, who stood behind him, said that he had been instructed to express his acknowledgments for the friendly action of His Majesty's Government.

His Majesty then said, in a particularly friendly manner, that he hoped to see me often, and that he would have much to say to me.

I expressed my gratitude, and asked leave to introduce the staff of the Legation, to whom His Majesty, contrary to his past custom, was pleased to be gracious.

I was then received by the Valiahd, a little boy of 10, of whom I had requested an audience in order to emphasize the official recognition which I have been instructed to communicate to the Persian Government.

I have, &c
(Signed) CECIL SPRING-RICE.

[18858]

No. 209.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 99.)

Sir,

Gulahek, May 18, 1907.

IN my despatches No. 55 of the 25th March and No. 80 of the 23rd April I had the honour to transmit to you copies of correspondence which passed between this Legation and the Persian Government with regard to certain clauses in the Charter of the new National Bank which appeared to be in contravention of the acquired rights of the Imperial Bank of Persia.

I have taken an opportunity of speaking to the President of the Assembly, explaining to him that a very unfortunate impression would be caused in England if this new national party used its powers in a sense hostile to European interests. The Sani-ed-Dowleh explained that the National Bank had asked the Government for the monopoly of minting rights, which had been refused, and they had received in compensation a certain privileged position with regard to the importation of silver. I pointed out the grave consequences which might result from an abuse of this right, and reiterated my arguments as to the advisability of avoiding all appearance of an anti-foreign policy.

I used similar language to the Minister of Finance and the Minister for Foreign Affairs.

As the interest on the British advance (about 26,000*l.*) was due on the 5th April, and the Minister for Foreign Affairs had earnestly begged that I should represent to you the desperate financial position of Persia and the great need for a respite, I asked you, Sir, to authorize me to deal with the two questions together. On receiving your authorization, I informed the Ala-es-Sultaneh and the Minister of Finance that His Majesty's Government were not indisposed to give a friendly reply to the Shah's request for a respite, but that they expected the Persian Government, on its side, to show an equally friendly attitude.

A long delay ensued, in the course of which I felt it my duty to remind the two Ministers, in somewhat pressing language, of the position in which they would be placed should His Majesty's Government, impatient at the delay, take steps to enforce its just rights.

At length, on the 5th May, I received the vague and unsatisfactory reply to my letter of the 26th March, which I have the honour to inclose herewith.

As experience has shown that little is to be gained by negotiation with the Persian Foreign Office and a modification of the Persian assurance, in a more liberal sense, would have been almost impossible to obtain, in view of the pressure of interested parties on the Persian Government, I addressed to the Ala-es-Sultaneh an official letter (copy inclosed) stating that I "accepted his assurance that no Concession has yet been given for the importation of silver to any one, and that the import of silver will remain free for every one, including the Imperial Bank of Persia, on equal conditions." In default of an official reply to my note the Persian Government is bound to accept my statement as correct, and, if an official denial is addressed to me, His Majesty's Government can at once demand payment of the sums due to them.

At the same time, I addressed a private note to the Ala-es-Sultaneh traversing his statement that there was nothing in the preferential silver clause contrary to the Concession of the Imperial Bank.

To make the standpoint of the Persian Government absolutely clear, M. Rabino, the Manager of the Imperial Bank, applied for a permit to import silver and also for a mint contract. Both the Minister of Finance and the Minister for Foreign Affairs at once gave their consent and delivered the necessary instructions to M. Mornard, who is now administering the Customs and the Mint in place of M. Naus.

A long delay ensued during which M. Mornard raised an entirely new question. This related to a contract entered into some years under which the bank had imported a certain amount of silver for coinage in return for a promise from the Persian Government to pay 104,000*l.* in London. M. Mornard requested that the bank should now hand over the silver in return for the sterling payment which he declared the Persian Government was now ready to make. The result would have been that at a time when, owing to exchange, the stock of silver was very low, the Imperial Bank would suddenly be forced to surrender a large amount of its cash reserve in return for a sterling payment from a Government which had entirely refused to meet its legal obligations in other respects.

M. Rabino naturally refused to entertain this proposal, and insisted on immediate compliance with his request for a mint contract.

I informed the Nasr-ul-Mulk, Minister of Finance, that the matter was one which did not brook of delay, and that His Majesty's Government would view what was occurring in the most serious light. I also sent a message to the Foreign Office expressing my astonishment at the unfriendly return which His Majesty's Government were receiving for their indulgence towards Persia.

The result was that the Ala-es-Sultaneh expressed his regret and surprise at the delay for which he said he was not responsible, as stringent orders had been given to comply with the bank's request, and he inclosed a letter for the bank in which the manager was officially informed that M. Mornard had received positive instructions to negotiate for a mint contract with M. Rabino. These instructions were complied with, and M. Mornard is now in negotiation with M. Rabino, although the matter is not so pressing, as owing to a sharp rise in exchange the importation of silver is for the moment impossible.

I have since talked over the matter with the Ala-es-Sultaneh and the Nasr-ul-Mulk, and I venture to call your attention to some peculiar features of the incident. It was rumoured in the town that a large importation of silver had actually been effected from the north, on behalf of persons unknown. This rumour is still unconfirmed, but although if true the Customs Department must have had knowledge of it, the Minister of Finance was unable to obtain a definite affirmation or denial from the Customs officials. The Ala-es-Sultaneh was quite positive that the Shah, the Finance Minister, and himself had given definite instructions to the Customs Department. M. Mornard offered no excuse for his delay beyond the alleged fact that he had called upon M. Rabino, but had not found him in. The Foreign Minister expressed his conviction that M. Mornard, in delaying the negotiation, had acted under the advice of M. Naus, whose principal object at present appears to be to cause ill-feeling between the Persian Government and foreigners.

I would observe that the offer of a sterling payment for 104,000*l.* in London is somewhat surprising in view of the present state of Persian Finance, and that the evident object of this proposal, which must have emanated from a foreign capitalist, was to withdraw a large portion of its cash reserve from the vaults of the Imperial Bank. If in addition to this withdrawal the Persian Government had raised

difficulties as to signing a mint contract, the position of the Imperial Bank would have been seriously compromised, and this possibility is the justification for the somewhat violent language which I felt called upon to use.

With regard to the present position of the silver question, I have the honour to point out that the Concession of the National Bank is not yet in force, nor likely to be for some time as no money is yet forthcoming. I understand from the Ala-es-Sultaneh that the Government has raised very serious objections to the extensive monopolies claimed by the new bank which seriously cripple the resources of the Government. Should the preferential clause be put into force we shall be in a position to raise a serious protest on the ground of the correspondence which has already passed, and this protest will be backed by a claim for repayment of the debts to the British Government and the bank now overdue, which amount to a considerable sum.

At the same time there remains the unfortunate fact that the charter of the Imperial Bank contains no express provision safeguarding their privileges in this respect, and that it is only by implication that we can claim equal rights as to the importation of silver.

With the establishment of a National Bank, especially if supported by a foreign Banking Syndicate, the note monopoly of the Imperial Bank will be seriously threatened, and the incident reported in this despatch may be regarded as a useful object-lesson.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 209.

Ala-es-Sultaneh to Sir C. Spring-Rice.

(Private.)
(Translation.)

May 5, 1907.

I HAVE received your note respecting the statements made by the Manager of the Imperial Bank of Persia in connection with the import of silver, and the apprehension entertained by you that the monopoly of the import of silver will cause difficulties for the bank.

Although such a Concession had not yet been given to any one, and perhaps the import of silver is a trade open to all, and the bank and all merchants can import that metal, I consider it necessary to point out that the point in question will not be against the Concession of the Imperial Bank.

Inclosure 2 in No. 209.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Translation.)

May 6, 1907.

I HAVE received your letter of the 5th May, and accept your assurance that no Concession has yet been given for the importation of silver to any one, and that the import of silver will remain free for every one, including the Imperial Bank, on equal conditions.

Inclosure 3 in No. 209.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Private.)

May 6, 1907.

WITH regard to the statement contained in your letter respecting the bank's Concession, I may remark that the Concession imposes on the bank the obligation to pay on demand any and every note presented for payment. If the Government refuses a request from the bank to import silver for coinage in order to do that which the Concession says they must do, namely, to give silver in exchange for notes, it is quite clear that the Persian Government violates the Concession and indeed practically cancels it.

If I am bound by my diplomatic duties to answer the letters which you are good enough to send me, and if the Persian Government refuses to allow me to import pen, ink, and paper for the use of my chancery, it is you, and not I, who are responsible for my failure to perform my duties. It is from this standpoint that I am

bound to protest against the view which you have expressed as to the Concession of the Imperial Bank; and in case the Persian Government refuse to allow the bank to import and coin silver for the payment of notes, it is my duty to warn you that the matter will be viewed by my Government in the most serious light.

Inclosure 4 in No. 209.

Sir C. Spring-Rice to Nasr-ul-Mulk.

Dear Nasr-ul-Mulk,

Tehran, May 3, 1907.

I INCLOSE a letter from the Imperial Bank asking that you will depute a competent person to negotiate a mint contract.

We are still waiting for the promised letter as to liberty of importing silver and the delay is having a very unfortunate effect in London, which, of course, I can do nothing to prevent.

Yours sincerely,
(Signed) CECIL SPRING-RICE.

Inclosure 5 in No. 209.

M. Rabino to Nasr-ul-Mulk.

Excellency,

[Undated.]

WE have the honour to inform your Excellency that, in view of the distress in the bazaar and the urgent money requirements of the Government, it is necessary to import silver as soon as possible.

We beg your Excellency, therefore, to name a delegate to negotiate a mint contract with the Imperial Bank.

We remain, &c.
(Signed) J. RABINO.

Inclosure 6 in No. 209.

M. Rabino to Sir C. Spring-Rice.

Imperial Bank of Persia, Tehran,
May 13, 1907.

Dear Sir Cecil Spring-Rice,

I WOULD be obliged by your pressing for the silver contract, as Nasr-ul-Mulk appears to be acting with some duplicity in the matter, promising without any intention of performing.

The Customs people persist in their statement that 100 loads of silver have been landed, indeed have arrived here. The story, however, appears to me incredible.

Yours, &c.
(Signed) J. RABINO.

Inclosure 7 in No. 209.

Sir C. Spring-Rice to Nasr-ul-Mulk.

Dear Nasr-ul-Mulk,

Tehran, May 13, 1907.

I HEAR to my great astonishment that the silver permit (permission to import silver) has not yet been given to M. Rabino.

If the permit is not given to him within two days from writing this letter (that is, at 12, the 13th May), I shall inform my Government, who will, I have no doubt, entirely modify their present belief in the friendly intentions of the Persian Government, and will no doubt modify their attitude towards the Persian Government accordingly.

You understand, no doubt, the situation in which you are placed.

Yours, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 8 in No. 209.

Sir C. Spring-Rice to Nasr-ul-Mulk.

Dear Nasr-ul-Mulk,

Tehran, May 14, 1907.

THANK you for your prompt answer. I have spoken to M. Rabino. What he asks for is an answer to the letter which I forwarded to you in which he asks you to appoint a delegate to negotiate with him a mint contract in order that the bank may know that it can go on with its business without impediment. I do not see any reasons for additional explanations.

With regard to the question of the money payable in London, M. Rabino will do anything he can to meet your wishes consistently with the interests of the bank. There is, however, no connection between the two operations, and the mint contract cannot be made dependent on any other considerations. I must, therefore, again ask for a favourable answer, failing which I must report the facts to my Government and ask for instructions.

Yours, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 9 in No. 209.

Aboul Kassem to Sir C. Spring-Rice.

(Private and Confidential.)

My dear Sir Cecil,

May 14, 1907.

I TOOK the necessary steps to-day concerning the silver question. I made M. Mornard see to the matter with M. Rabino to-day. I explained by a message to the latter that the delay was not at all due to any existing difficulty. I wrote an answer to M. Rabino's letter, which I hope you find satisfactory. What I wanted to explain was simply to let you know that I was not aware of any difficulty being brought against the importation of silver, and if you had heard anything to the contrary it would be well to inquire from what quarter it came. We shall, however, discuss this at the first opportunity I may have the pleasure of seeing you; I think it is important. In the meantime I should be happy if you would kindly let me know if there is anything else that I may do in connection with the matter.

Yours sincerely,
(Signed) ABOUL KASSEM.

Inclosure 10 in No. 209.

Nasr-ul-Mulk to M. Rabino.

M. le Directeur en chef,

Téhéran, le 14 Mai, 1907.

J'AI eu l'honneur de recevoir votre lettre du 3 courant, par laquelle vous m'exposez la nécessité pour votre banque d'effectuer une importation de lingots d'argent.

Je me permets de vous informer que le Gouvernement Impérial ne s'oppose pas à ce que vous importiez de l'argent en lingots pour les besoins de votre banque.

En ce qui concerne la frappe, le Gouvernement Impérial est disposé à vous autoriser de frapper une certaine quantité de monnaies, et à cet effet il a délégué M. Mornard, Administrateur des Douanes, pour régler les conditions auxquelles la fabrication peut s'effectuer.

Il y a déjà quelques jours que j'avais prié M. Mornard de se mettre en rapport avec vous pour vous entretenir à ce sujet, et il m'annonce qu'il se rendra aujourd'hui pour entamer les négociations.

Veillez, &c.
Le Ministre des Finances,
(Signé) NASSER-UL-MOULK.

[18859]

No. 210.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 100.)

Sir,

Tehran, May 18, 1907.

SIR A. NICOLSON has been good enough to supply me with the translation of an article in the "Novoe Vremya" which reflects on the conduct of this Legation.

It is therein stated that Mr. Churchill is responsible for the impression which is said to prevail in this country, that Russia is hostile to the Assembly and the popular movement, and is seeking an excuse for intervention. It is also stated that certain Persian journals published in India have disseminated the same rumour, due apparently to British inspiration.

Certain statements are made with regard to Mr. Churchill in order to place his conduct in an odious light, as, for instance, that he was born in Russia, and thus intriguing against the country of his origin.

It is of course unnecessary for me to state that these allegations are entirely baseless. Mr. Churchill, like other members of this Legation, has been at pains, in compliance with your instructions, to make as clear as possible to the Persian people the attitude of His Majesty's Government, namely, that it is their intention to hold aloof from all interference in domestic politics, and he has also, like myself and by my instructions, stated that the Russian Government has formally declared its adherence to a similar policy.

It is true that the impression does prevail that Russia is hostile to the popular movement in Persia, and desires the collapse of the Assembly. But the members of this Legation are no more responsible for this belief than is the British Embassy at St. Petersburg for a similar belief which, as I observe in the Russian press, appears to prevail in Russia with regard to the attitude of the Government to the Duma.

With regard to the statements on the subject of the Persian paper published in Calcutta, I may observe that that journal recently commented in the severest language on the "slavish attitude" of the Isfahan population in taking "bast" in the British Consulate-General. That paper is almost uniformly hostile to British influence. I may add that there is strong *prima facie* ground for the statement that it published a garbled and venomous attack on the British Consulate in Seistan, which was inspired by the Mirza of the Russian Consulate. The Russian Consulate-General at Tabreez employed a native Mirza apparently for the express purpose of inserting anti-British articles in the local press. I know of no instance in which the Persian press has been influenced by British officials, but could cite other instances where articles have been due to Russian influence.

I have no doubt that the Indian Government is as innocent of inspiring the Persian journal published in Calcutta as is the Russian Government for the violent attacks on the Shah and the existing Government in Persia which emanate from a press at Baku, and which are circulated largely in this country.

I am glad to note that the "Novoe Vremya," in a subsequent article, and the "Slovo" have adopted a more moderate tone with regard to this subject. It is, however, I think important to take note of this incident, as it is significant in several ways.

Accusations of a similar nature against Russian officials are continually reaching me. They emanate from Persian sources, and are no doubt inspired by a natural desire to set England and Russia by the ears. I have reported, for your information, a similar instance of a perfectly absurd accusation made against an American missionary and the British Vice-Consul at Resht, which was brought to M. Hartwig's notice by the Russian Consul, and by him repeated to me. It is significant that a Russian journal of importance should have given publicity to an equally baseless accusation against a British official.

I may observe that M. Grube, late Russian Financial Agent in Persia, and now attached to the Finance Ministry at St. Petersburg, has a long-standing quarrel with Mr. Churchill, who on one occasion discovered a person in the employ of this Legation who had been commissioned by M. Grube to obtain documents for the use of the Russian Government. It is not impossible that he made use of certain reports which reached the Ministry of Finance from one of the Agents whom the Ministry employs in this country, and who, as is notorious, are encouraged to supply that

Ministry with political information. I beg to add that the "Novoe Vremya" has an old grudge against M. Hartwig, who has frequently been the object of its animosity.

I have, &c.
(Signed) CECIL SPRING-RICE.

[18861]

No. 211.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 102.)

Sir,

Gulahak, May 19, 1907.

WITH reference to my despatch No. 48 of the 1st March last, in which I transmitted copy of M. Naus' Report on the southern customs, I have now the honour to forward a copy of an interesting despatch on this subject addressed by Major Cox to Sir Louis Dane.

With regard to Major Cox' suggestions on the subject of a modification of the existing Tariff, I would observe that there can be no doubt that it is responsible for the great increase of smuggling in Southern Persia, and that the best means of discouraging contraband trade would be to reintroduce a 5 per cent. or 8 per cent. customs duty. But the existing Tariff is an important instrument in Russian commercial policy in this country, and I fear there is little chance of obtaining Russia's consent to a modification, on the grounds that the revenue for the southern ports (in which Russia is not interested) has suffered in consequence.

The great increase in the arms traffic is an independent question. It is an extremely important one to both Persia and India, and, if continued, it is evident that the male population of Persia, Afghanistan, and Beluchistan will soon be armed with small-bore rifles of good quality. An efficient customs organization in Southern Persia might possibly be of some use in discouraging the trade in arms. But, as Major Cox points out, nothing is to be hoped for from the action of the Persian Government.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 211.

Major Cox to Sir L. Dane.

Sir,

Bushire, March 31, 1907.

I HAVE the honour to submit a copy of a communication addressed by M. Naus, Minister of Customs, to the Persian Prime Minister, which Sir Cecil Spring-Rice has kindly forwarded to me with the request that I will transmit a copy to the Government of India with such comment as I may have to offer, communicating my observations to him at the same time.

2. M. Naus' note deals both with the question of contraband trade in the Persian Gulf in general and with the illicit traffic in arms in particular, and while it may be taken for granted that he makes the most of a brief which was clearly the sequel to the recent upheaval in the Bushire Customs, culminating in the exit of the Derya Begi and M. Heynssens from the Gulf stage, and while I am not in a position readily to test the detailed accuracy of his figures, there is nevertheless no doubt whatever that his statements are generally speaking well-founded, though somewhat overdrawn.

In forwarding the papers to me the Minister observes that we are deeply interested both in the suppression of the arms traffic and in the maintenance of the customs revenue of Southern Persia, a fact which the Government of India will readily indorse; but in the second connection I should explain that the remarkable impetus given to smuggling during the past two or three years, which has frequently been drawn attention to by this Office (*e.g.*, Bushire Trade Report for 1905), is nothing but the immediate result of the enhanced Tariff accepted by us in the Commercial Convention of the 9th February, 1903, and it would surely be difficult to conceive a more forcible indictment against that Tariff than this parting jeremiad which the late Minister of Customs has left on record.

In my Administration Report for 1905-1906, when referring to the prevalence of smuggling, I expressed the opinion that, under the existing conditions of administration,

there was no remedy for the state of things reported short of a return to an all-round 5 per cent. *ad valorem* duty. Since then M. Heynssens, M. Constant, and M. Waffelaert, while successively in charge of the Customs Administration of the Gulf, have each of them expressed themselves to me to much the same effect, and speaking with full knowledge of the local conditions and possibilities, say they are convinced that the alteration of the Tariff, even to an all-round 8 per cent. duty, would make the smugglers' art a profitless risk, and result in a large increase in revenue from the customs of the Gulf ports. I venture to hope that the excellent opening afforded to us by the terms of M. Naus' Report to the Grand Vizier will be made the most of, and that it may be considered possible for us to use it as a lever with which to bring about the reconstruction of the Tariff, a measure for which, in view of the gradually ripening *entente* between ourselves and the Russian Government, and the generally precarious condition of the Belgian Customs Administration pursuant to the dismissal of M. Naus, the present juncture seems eminently favourable.

3. Before proceeding to offer any comment on the details of M. Naus' statements and recommendations, I trust I may be pardoned for digressing for a moment, in order to say a few words in favour of the Derya Begi, who has been connected with the Bushire Government on and off for the last twenty years, and has on the whole been the most friendly Governor we have had.

M. Heynssens, I know, always believed that his Excellency was the *deus ex machina* of the plot or agitation recently got up against him by the Mullahs and populace of Bushire, and it is only natural that in vindicating his subordinate and his administration the Minister of Customs should make the most of available material in stating his case against the Derya Begi; but as I read his vehement impeachment of the late Governor I cannot help remarking how times have changed since Sir Arthur Hardinge, addressing the Foreign Office in his despatch No. 31, Commercial, of June 1905, regarding the previous agitation of April and May of that year, wrote:—

"I hear from a confidential source that M. Naus, in a Report to the Vali Ahd (the present Shah) dated the 3rd instant, informs His Imperial Highness that the agitation at Bushire has subsided, but that the Prince Governor-General of Fars is alleged to be reviving it at Shiraz. His Excellency in this Report speaks in very eulogistic terms of the Derya Begi, the present Governor of the Gulf ports."

4. Much might be written regarding many of the points raised in M. Naus' comprehensive exposition of the existing position in the Gulf, but as I start with the belief that most of his statements are well-founded, it will perhaps be sufficient if I take the salient features of his remarks and recommendations *seriatim*, and add such brief comment as seems called for.

- (1.) The division of jurisdiction over the Fars and Mekran coasts between the Governors of Bushire, Shiraz, and Kerman.

There can be no two opinions as to the evils arising from these administrative conditions, not alone in regard to fiscal matters. It is not only that the division of jurisdiction exists and is inconvenient, but that boundaries are never well defined, and jurisdiction is constantly being shifted. Thus in the course of routine cases one is constantly confronted with the rejoinder, "This is no longer my responsibility; the district has been transferred to so and so. I can do no more."

- (2.) The order that all ports where export and import is permissible should be handed over to the Customs.

This was a measure which, when it was first communicated to me, caused me a good deal of apprehension. It would appear, however, from the present context, that all that was intended was that the customs should in all cases be administered under the orders of the Belgian Director-General, and not under arrangements made by the petty local Khans.

- (3.) The comparative figures of the revenue of the customs of the south from Zitchkhan-il (1900-1901) to Yount-il (1905-1907).

M. Naus' remarks under Loui-il (1904-1905) regarding the establishment of the Russian line and the free transit granted through the Caucasus are interesting. I have no means of checking M. Naus' figures; no doubt they are relatively correct.

[1741]

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- (4.) The suggestion that imports into Muscat, Bahrein, and Koweit are gradually and abnormally increasing, owing to the fact that they have become distributing centres for the insinuation of contraband through the small ports of Persia.

So far as arms and ammunition are concerned, this suggestion is undoubtedly well-founded, as the Government of India are aware, and probably it is true, though to a less considerable extent, in the case of other highly-taxed articles. I have in a previous report surmised that the reluctance of the Sheikh of Bahrein to accept a very liberal offer from us, as a condition of our conducting his Customs Administration, is connected with the existence of such a state of things approaching that now indicated. I am asking our Representatives at Muscat, Bahrein, and Koweit to make special inquiries under this head, in connection with the submission of their trade reports for the past year.

5. As a remedy for the difficulties under which the Administration of the Customs of the south labours, M. Naus recommends a rearrangement of jurisdiction along the Persian littoral, under which all the Gulf ports from Mohammerah to Gwettur will be brought under the direct control of the Governor of Bushire. He adds the *sine quâ non* that the Khans of Bunder Rig, Boudhilleh, Tangistan, and Dashti (all in the neighbourhood of Bushire), and Sirdar Saeed Khan of Gaih in Persian Mekran must be deposed and exiled. With these recommendations he couples the name of the Saeed-es-Sultaneh, our new Governor, and indulges in the hope that in him the Persian Government now have the right man in the right place.

The collection of all the Gulf ports under one Governor, provided with the means at his disposal to control them, would be a most admirable arrangement, but I fear that until Persia changes her spots M. Naus' recommendations will remain a counsel of perfection which it will be out of the question to carry into effect.

As regards the present Governor it is perhaps early to speak, but from what I see of him I doubt his capacity for dealing with the situation, and there are even grounds for suspecting his honesty of purpose. His first step in the direction advocated has been to ask for a force wherewith to coerce the Khan of Rohilla, referred to by M. Naus, not to punish him for past misdeeds, but in order to recover, I suppose for his own coffers, a revenue assessment which is double what the district can legitimately produce, and which the Khan could only pay on the assumption that he did make a large income from smuggling. The mere fact of asking such an amount of revenue from him obliges him to smuggle.

As to the expulsion or deportation of the Khans mentioned and of Saeed Khan of Gaih, it seems futile to discuss such a project seriously under present circumstances, for neither the Governor of Bushire in the former case, nor of Bampur in the latter, are in a position to put it into execution.

6. I conclude with a reiteration of the hope that, having regard to the state of things indicated in M. Naus' communication, the question of approaching the Russian Government with a view to the joint revision of the Tariff, in the interests of the three Governments which were party to the Convention, may be taken into lively consideration.

A copy of this letter is being forwarded to His Majesty's Minister at Tehran, for information.

I have, &c.
(Signed) P. Z. COX, Major,
Political Resident in the Persian Gulf.

[18862]

No. 212.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 103.)

Sir,

Tehran, May 19, 1907.

I HAVE the honour to inform you that Herr Gutmann, agent for the Dresdner Bank, has arrived here, and has been placed in communication with the Persian authorities by Herr Stemrich, the German Minister.

I have spoken with the Atabeg-i-Azam, the Foreign Minister, and the Minister of Finance on the subject of Herr Gutmann's mission. My general impression, derived from the confidential statements of these gentlemen, is as follows:—

When Baron Richthofen, German Chargé d'Affaires, negotiated in the summer with the Persian Government for the grant of a Bank Concession, he was asking for what was already a Treaty right. The Persian Government could not refuse to a

German banking institution the right to establish itself in Persia and there carry on commercial business. But it was understood verbally that the bank, when established, should make advances on current account to the Persian Government in return for such favours as should subsequently be negotiated.

Herr Gutmann has now arrived with the intention of deciding the conditions (if any are possible) under which an advance could be made to the Persian Government. Such a proceeding does not compromise the German Government, which cannot, of course, be held responsible for the operation of a private firm. But the fact that the German Government cannot (in conformity with its pledges) take an active part in the negotiations implies the consequence that the security which the bank must demand in return for its advances must be a real and solid one. The difficulty is, where and how can such security be found?

I gather that the Persian officials, while expressing, as usual, a sincere desire for a pecuniary advance, are much impressed by the determination shown by Herr Gutmann not to consent to an advance without adequate security. And in view of the opposition which may be expected from Russia, England, and the Persian people, it is extremely difficult to see how such security can be afforded.

Herr Gutmann and Herr Stemrich themselves state that there is no valid reason why Persia should not be a good field for profitable investment, from the purely commercial point of view. The banker informs me that he intends to begin operations on a modest scale by advancing money on bills of lading in connection with the trade between Persia and Constantinople. Constantinople is an important distributing station for Persian trade, and the Dresdner Bank finances the Deutsch-Orient Bank established in that city. In addition to this business he proposes to look about him for profitable enterprises, and is in hopes of finding such, especially in connection with mining and irrigation.

I confess that the experience of other nations in this respect is not encouraging. Foreign enterprise in Persia has been, so far, a long record of failure and disappointment.

I am in frequent communication with my Russian colleague on this subject, and we have both received information to the effect that Herr Gutmann, who was on intimate terms with Mustapha Kamel in Egypt, is making free use of the sympathy shown by the German Emperor for the interests and aspirations of Mussulmans. He may be successful in obtaining some measure of influence here, but I do not believe that, unless he is prepared to make an advance without adequate security—which is not very likely, although of course possible in the hopes of favours to come—he can succeed in seriously shaking the position of the Russian and British Banks, which, owing to the backing of their respective Governments, must retain a very strong hold on the Persian Government.

I venture, however, to ask your attention to the circumstances already reported to you in connection with the proposed import of silver for coinage by the Imperial Bank. If the German Bank was prepared to advance the 104,000% in London in order to enable the Persian Government or the National Bank to lay hands on the bank's silver reserve, the situation may become serious at any moment, as a combined attack on the Imperial Bank's privilege of a note issue, organized by the National Bank with the support of the German Bank, would have disagreeable consequences. At present a union between the two is not very likely, firstly, owing to the strong anti-European feelings which now animate the Persian nation, and, secondly, because the National Bank has as yet no real existence and no capital whatever.

But the danger exists and should not be lost sight of, although the Germans can at present, I believe with truth, deny the existence of any compact between the two.

The French Minister, who has served in Morocco, is greatly impressed by the political and commercial dangers involved in an attempted isolation of Germany. He maintains that a hostile attitude towards German influence and enterprise on the part of the three friendly Governments of Russia, France, and England will create automatically a bond of sympathy between the Persians and Germans, and that on the publication of an Agreement between Russia and England, Germany will naturally assume the rôle de sauveur, which she will be able to turn to political and commercial profit. He is therefore in favour of a policy of "going to meet the danger," and inviting the financial co-operation of Germany and France. The necessary result, however, of a formal financial alliance à quatre would be to impose European financial control on the Persian people, and this would open a most difficult question. But it should not, in M. de la Martinière's opinion, be impossible to form a working Commercial Agreement between the nations of Europe for avoiding friction or

securing some sort of common action for the development of Persia. A possible form of such an Agreement might be found in co-operation on the part of foreign capitalists with the National Bank in the form of a combine in which existing banks would be merged.

M. de Hartwig appears to think that the Russian and English Banks should afford assistance to the National Bank. In the opinion of the Attabek, who knows the country well, the mere word "Anglo-Russian loan" raises a spectre which frightens the ordinary Persian out of all equanimity. His Highness thinks the proposal desirable but impossible. I am inclined to agree with him, but the co-operation of several nations together might be possibly more acceptable, although even this is a matter of doubt.

If I might venture on a suggestion, it would be that it would be wise to await developments. The financial stringency here will either cure itself or, if it become intolerable, force the Assembly itself to find a remedy. If the only remedy is in foreign financial assistance we are ready to afford it, but only with the consent of the representatives of the Persian people.

With regard to financial assistance from other sources, I think a hostile attitude would defeat its purpose; for it would increase the popularity of the object of our attacks. If offered on purely commercial lines, we have no valid right to object so long as the guarantees we possess are respected; if for political concessions, our objections will be valid, and will also receive the support of popular opinion, which will condemn all foreign interference without discrimination. But financial assistance on purely commercial lines appears to me at present to be out of the question. If it were not, the Imperial Bank of Persia would be the first to know it.

I have, &c.
(Signed) CECIL SPRING-RICE.

[18864]

No. 213.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 105.)

Sir,

Tehran, May 19, 1907.

WITH reference to my telegram No. 84 of the 14th ultimo, I have the honour to transmit herewith copy of a note which I have addressed to the Persian Government with regard to the levy of illegal taxes in Southern Persia.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 213.

Note communicated by Sir C. Spring-Rice to Ala-es-Sultaneh, May 19, 1907.

(Translation.)

I HAVE several times had the honour to request your kind intervention with regard to the illegal taxes levied in South Persia. We have been in entire agreement as to the necessity of stopping the imposition of these taxes. First, they are contrary to law and a violation of the Shah's Regulations; secondly, they discourage trade, which it is the interest of both our Governments to promote; and, thirdly, they lead to crimes of violence which disturb the peace of this Empire, and discredit it abroad.

It is from this last point of view that I wish to bring to your notice an incident which happened at Yezd about a month ago.

Bubuk Khan, in a caravanserai of Yezd, beat a muleteer till he nearly died, because he would not pay 280 krams on 280 donkeys which he had brought in from the south. The poor man could only pay 270 krams. The beating was so terrible that the bystanders took pity and paid the money for the muleteer.

Shortly afterwards, Bubuk Khan left the town because he had murdered a woman and was in fear. The people say that for a long time he has collected these illegal taxes on merchandize, and that he has much money. I hope your Highness will see that this man is punished in such a way that no one hereafter will dare to disobey the Shah's Regulations guaranteeing the freedom of trade in His Majesty's dominions.

[18866]

No. 214.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 107.)

Sir,

Tehran, May 20, 1907.

I HAVE the honour to inform you that an attack has recently been made on M. Naus by a number of persons who were in possession of money orders signed by his name as Minister of Customs. They considered him personally responsible and besieged him in his house, and subsequently stopped his carriage when passing through the bazaars.

I have conversed on the subject of M. Naus with the Minister of Finance and the late Sadr-Azam, whose sincerity may possibly be improved by his retirement. They agree on the following account of his recent activities.

Under the Ain-ed-Dowleh he obtained complete financial control over the revenues of Persia, which were almost entirely in his hands. He was, however, unable to resist the demands of the Shah and the Prime Minister, who drew on him at will. He can hardly be considered responsible for executing their orders, although the safer course would have been to resign rather than acquiesce in the proceedings of his masters.

But, my informant added, there is little doubt that he did not oppose a very determined resistance to their demands and even encouraged their extravagance, as it was his personal interest to bring Persia to the point where a foreign loan became a necessity.

According to the account confidentially given me by the Mushir-ed-Dowleh when, in the course of last summer the Russian financial authorities were urging the conclusion of the loan of 2 millions (20 orores of tomans) on conditions which amounted to placing the Government of Persia under Russian suzerainty, M. Naus was invited by the Russian Government to proceed to St. Petersburg, and the Russian authorities urged the Persian Government to comply with this request on the grounds that his mission would greatly facilitate the conclusion of the loan.

The Shah resolutely declined to agree, as he was convinced from evidence submitted to him that M. Naus' mission would not be in the interests of the Persian Government.

When public indignation at the abuses of the Persian Government took the form of demanding the dismissal of M. Naus, as the principal instrument of the policy of foreign loans and domestic extravagance, M. Naus made every effort to remain, trusting that his services would still be required. Indeed, he obtained a considerable amount of influence over the Shah, and enjoyed the protection and support of some important foreign Legations (one of which—the Russian—officially interfered on his behalf) and also of the more prominent and influential of the Court party. His influence, according to my informants, was exercised with a view to securing the destruction of his destroyers, the Assembly, and the popular party. He did all he could to encourage the idea of foreign intervention and a foreign loan and to envenom the relations between the Persian Government and foreign Powers, so as to provide an excuse for intervention.

The Minister of Finance assured me that he had proofs that he was using his influence with the Customs authorities to delay and impede the payments of customs revenues into the Russian Bank so as to make it impossible for the Persian Government to meet its liabilities to the Russian Government, which become due in July. The same authority strongly suspects M. Naus of being responsible for the strange delay of M. Mornard in negotiating a mint contract with the Imperial Bank.

These accusations may be false or exaggerated; but the general impression appears to be that the continued stay of M. Naus in Persia is a source of danger.

The Belgian Chargé d'Affaires called upon me and informed me that he had received a letter from M. Naus stating that an outrage had been perpetrated upon him, and that his life was in danger, and demanding satisfaction from the Persian Government. He showed me the letter which was couched in very violent terms, and contained bitter accusations against certain Persian officials. M. de Warzée had called on the Russian Minister, who had told him that he should at once demand from the Persian Government the punishment of the aggressors. This measure appeared to M. de Warzée as an extremely dangerous one; for it was quite evident that in default of armed European assistance the Persian Government would be quite unable to enforce such a demand, which, if known, would create intense excitement in the bazaars. He told me that he hoped to negotiate some form of settlement—pecuniary or other—with the

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Persian Government; but above all to take advantage of M. Naus' demand for leave to quit the country, in order to obtain his immediate departure. I agreed with his views, and at his request called simultaneously with him upon the Attabek, whom we found in his garden. It appeared from the Attabek's statements that the difficulty was that the Assembly demanded M. Naus' presence in Tehran until the examination of his accounts had been concluded. This, I may remark, will be a matter of months; three years' accounts will have to be examined, and for some reason or other the foreign auditor whom it was desired to appoint has not been summoned. His Highness, however, entirely agreed with us that his presence here was a source of danger, as he might be attacked at any moment, and his influence did not tell in favour of peace or conciliation. He added that he himself was an old friend and wellwisher of M. Naus, and that he was quite convinced that it was in his best interest to facilitate his departure. He would do all in his power to obtain the consent of the Assembly.

It appears that negotiations with the Assembly have since been entered into and their consent obtained to M. Naus' departure on the understanding that the Belgian Government would not fail to take action if it were established that M. Naus had, in fact, been guilty of malversation. They refused, however, to entertain the demand for compensation, and as a compromise it was arranged that M. Naus should be granted one year's leave with full pay.

I understand that certain claimants have protested against his departure, but that it is hoped that this difficulty will be overcome, and that M. Naus will be allowed to depart. He says himself that if circumstances change he will return to resume his former functions. There is no doubt of his great ability and energy; but his activities here have been of such a nature that popular opinion has become strongly prejudiced against any form of foreign control; and I fear this prejudice, whether justified or not, is deeply rooted, and will take some time to eradicate.

I have, &c.
(Signed) CECIL SPRING-RICE.

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No. 215.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 108.)

Sir,

Gulahak, May 20, 1907.

SOME time ago an English newspaper published an interview with the Russian Minister, complaining of the hostile attitude of the British Indian officials in Persia. At the request of Sir Louis Dane I communicated to M. Hartwig the extremely friendly and conciliatory instructions which the Indian Government had issued to the British Indian officials here on the subject of their relations with their Russian colleagues.

As far as I am aware, these instructions have been punctually complied with. I am glad to observe that at the principal points of contact—Meshed and Bushire—the relations between the Russian and British Representatives have been cordial. As a characteristic instance of the improvement of relations I may mention an amusing correspondence which has passed between Major Sykes and M. de Klemme, in which they have mutually communicated the reports which they had received from Persian agents relative to the proceedings of the other.

Unfortunately I must record the fact that at Bunder Abbas—to take an instance of a contrary tendency—the Russian Representative has not shown the slightest desire to modify the hostile policy which he has pursued for years. I have the honour to transmit herewith a despatch from Mr. Gabriel, British Vice-Consul at Bunder Abbas, recording an attempt (by no means the first attempt of this kind) made by M. Osveenko, the Russian Consul, to bribe the servant of an English traveller.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 215.

Consul Gabriel to Major Cox.

Sir,

Bunder Abbas, March 15, 1907.

IN continuation of my letters dated the 29th January and the 27th February last, on the subject of the general attitude of my Russian colleague, I have the honour to forward herewith for information a translation of a sworn statement made to me with regard to an attempt made by Mirza Abbas, Munshi of the Russian Consulate, to bribe a personal servant engaged by me to accompany Messrs. Wilson and Cruikshank, who recently left here *en route* for Shiraz, via Lar.

I have, &c.

(Signed) C. H. GABRIEL, Lieutenant, His Britannic Majesty's Consul and Assistant Resident, Bunder Abbas.

Inclosure 2 in No. 215.

STATEMENT made by Hasan-bin-Mahomed Ali, late peon of the British Consulate, Bunder Abbas, and now engaged by His Britannic Majesty's Consulate to accompany Lieutenants Wilson and Cruikshank on their journey to Shiraz.

(Translation.)

LAST night, *i.e.*, Wednesday, the 28th Muharram, 1325 (13th March, 1907), I was in my house, and it was about 3 o'clock of the night, when a man came to me and asked me to come out, as Mirza Abbas wanted me. I went along with him to the house of the late Ali Haji Mahomed Hussein and saw some people sitting and talking there. I was then taken into an inner room of secrecy and tea was ordered to be served to me. I consequently sat there for nearly an hour until the visitors had gone away. Then he called me and said that he had the intention of rendering me remunerative service. Eventually I asked him "How would it be remunerative?" He replied, saying, "I have heard you are going to accompany the English officers," and then asked whether I knew where they were going to. To this I said that I was their servant; I must go wherever they went. He then requested me to watch carefully where the officers went and to see what they did, *i.e.*, whether they take photographs, or whether they take notes of stones, &c., or whether they give presents to any one, and in what way they speak to any one, and asked me to write to him, promising to pay me from 2 to 4 toman for every letter. I replied that if at any time I did service for him he could pay me. Then he told me that he wanted letters from me from Lar, Jahrum, and Shiraz, &c., giving him full particulars, and asked me to write on the envelope his name, which he gave as Sheikh Abbas-bin-Sheikh Ahmed. I then said to him, "All right," and getting up came straight to my house and slept the night there. In the morning I thought over the matter as to who this man might be, and concluded that it would be better if I again went to the man and got from him some more particulars. I therefore went to his house early in the morning and said that I was afraid that, if I wrote a letter to him from stage to stage it would become known, and that it would be better if I collected the particulars on the way and then handed them to him on my return.

This is the incident which occurred last night, and I have now come to you to relate the matter and to take your orders thereon.

The above statement was taken in my presence and was signed by the man Hassan, who also swore that it was the truth.

(Signed) C. H. GABRIEL, Lieutenant,
His Britannic Majesty's Consul and Assistant Resident,
Bunder Abbas

Inclosure 3 in No. 215.

*M. de Klemme to Major Sykes.**Meshed, April 1, 1907.*

Dear Major Sykes,

IN addition to what I told you yesterday about the news that had spread at Meshed, I inclose an extract of the report of our Agent at Meshed I mentioned to you.

Yours, &c.
(Signed) W. DE KLEMME.

Inclosure 4 in No. 215.

Extract from Report of Meshed Agent of the Russian Consul-General.

(Translation.)

March 29, 1907.

THE shopkeepers and Persian and Tabreez merchants, with some of the shrine people, all numbering about 2,000 men, repaired in a body to the house of Haji Mirza Habid, the Mujtahid, to complain that it was now two days that the telegraph office had been closed. According to the statement of certain persons, news has, by letter and telegraph, issued from the British Consulate that the Salar-u-Dola has arrived in Tehran, accompanied by 12,000 troops, with the intention of effecting a reconciliation with the Shah, and also that these troops had taken the members of Majlis by surprise and killed all of them, and that 1,000 Russian infantry had reached Tehran ostensibly with the object of protecting the Russian Legation. When once the massacre of the Majlis was started, the majority of the members are stated to have been killed by the Russian infantry. The members of the Tabreez Majlis are said to have met the same fate at the hands of the Russian soldiers.

Inclosure 5 in No. 215.

*Major Sykes to M. de Klemme.**Meshed, April 2, 1907.*

My dear M. de Klemme,

MANY thanks for your note and its inclosure.

I am at present happy to be served by a remarkably good staff, each member of which is intelligent enough to note the excellent relations which exist between us. Under the circumstances, I do not think that we need pay any attention to the imaginative fabrications of a news-writer; but to prove that I too possess a news-writer who is not altogether lacking in the same qualities, I inclose an extract from a report received to-day, which will, I hope, amuse you as it has done me.

With kind regards, believe me, &c.

(Signed) P. MOLESWORTH SYKES.

Inclosure 6 in No. 215.

Extract from a Report of the Meshed News-writer of the British Consul-General.

(Translation.)

March 31, 1907.

ACCORDING to a statement made by the Russian Consul-General, 300 Russian Cossacks, with two guns, have arrived on the Khorassan frontier from Askhabad, and seem bent on creating a disturbance to afford the Russians a pretext.

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No. 216.

Sir C. Spring-Rice to Sir Edward Grey,--(Received June 10.)

(No. 109.)

Sir,

Gulahek, May 21, 1907.

I HAVE the honour to transmit herewith an interesting report which I have received from Mr. Loraine on the subject of affairs in the Bakhtiari country, through which he has just passed on his way to his post.

I entirely concur in his views as to the advisability of intrusting the conduct of negotiations with the Bakhtiari as much as possible to the hands of Captain Lorimer. With regard to negotiations here, I should be inclined to avoid as much as possible direct dealings on business matters with the Bakhtiari Chiefs resident in the capital. Should negotiations become necessary with the Central Government (which unfortunately may be the case), Mr. Kitabji would be able to act as information agent, and as the medium of communication, always under the control of His Majesty's Legation, which, however, I should like to keep as much as possible in the background.

In any case, I propose to keep Captain Lorimer informed of every point and to take no steps without his knowledge, and, as I have already stated, to intrust the negotiations to him, so far as this is possible.

With regard to the question of the new Ilkhani I have received no official intimation from the Persian Government. Both sides have attempted to enlist my sympathies. I have replied that the Shah is master in his own country, and that if the new appointment is inadmissible I presume the Bakhtiari themselves will take measures, after their own manner, to bring this fact to their Sovereign's knowledge. I have also received threatening intimations from both sides to the effect that British lives and property are in danger in consequence of the machinations of the opposite faction. I have replied that I entirely refuse to believe the chivalrous and hospitable Bakhtiari to be capable of an unprovoked attack on innocent guests, but that if such a crime should occur the consequences would fall upon the whole tribe without discrimination.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 216.

Mr. Loraine to Sir C. Spring-Rice.

Sir,

Gulahek, May 20, 1907.

I SHALL have the honour to furnish you in due course with a Memorandum on the journey I recently undertook from Constantinople to Tehran, via Bagdad, Bussorah, Ahwaz, and Ispahan, and in the meantime I beg to submit, at your request, some impressions that I gathered on the state of affairs in the Bakhtiari country, through which I passed.

Before entering the Bakhtiari country I was fortunately able to discuss with Captain Lorimer, His Majesty's Vice-Consul at Ahwaz, various questions connected with that country, such as the D'Arcy Oil Concession and the Lynch road to Ispahan, with which His Majesty's Legation has to deal.

Captain Lorimer seemed to me to possess a thoroughly competent knowledge of these questions and of the local conditions by which they are affected.

His name I found widely known and universally respected among the Bakhtiari themselves, and both for this reason and for the skill and pertinacity he has shown in previous negotiations with the Bakhtiari Khans I feel sure that Captain Lorimer is admirably fitted to conduct any future negotiations with the Chiefs.

It is obvious from a perusal of the "dossiers" of the two questions I have referred to that as long as the Bakhtiari Khans find that, if dissatisfied with the result of their negotiations in one place, they can go to another, e.g., Tehran or Ispahan, and begin fresh discussions with some other authority in the hope of getting better terms than they extracted in the first place, it is impossible to get relations with them established on a business footing.

Consequently the first aim must be to confine the scope for intrigue at present possessed by the Khans within the narrowest possible limits, and this, I believe, could be achieved if Captain Lorimer were, under the supervision of the Legation, made the sole intermediary as between the Legation (except in Tehran itself), Messrs. Lynch, and the Oil Concessionnaires on the one hand, and the Bakhtiari Khans on the other. In this case the Legation would keep Captain Lorimer fully informed of everything that passed, while they would not commit themselves, *vis-à-vis* the Khans, to anything definite without first communicating with him.

In this way the Khans would be brought to understand that it would be futile for them to try to work behind Captain Lorimer's back, and that any representations or proposals put forward by him would enjoy the full support and approval of the Legation.

It is particularly important also that the British Vice-Consul should be the

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intermediary between Messrs. Lynch and the Khans. The latter simply detest the very name of Lynch, and at once become intolerant and intractable when it comes to direct negotiation between them and the Company's agents, whom they regard as sharp business men who seek to outwit them at every turn with a view to obtain ultimately a hold on their country, which they will not be able to shake off.

On the other hand, the good name of the British Government stands high in this part of Persia. England is the Power whom the Bakhtiari know, in whose honesty and integrity they have confidence, and to whom they would naturally turn for support in time of real need. Consequently, if all negotiations were to be placed in the impartial hands of the authorized Representative of the British Government, it is not unreasonable to expect that not only would any representations thus made to the Khans acquire greater force, but also that the tiresome confusion which has hitherto characterized these questions would in the future be avoided, or at least minimized.

I have heard in the past of comings and goings of Russian agents in the Bakhtiari country; on my way through I inquired whether any Russians or other foreigners had been recently along the road, and was told that no Russian had been there for four years.

Of course I am unable to speak with authority, having only travelled through the country, but I was left with the strong impression that if any serious attempt has been made to undermine the position of Great Britain in that region it has been signally unsuccessful, and that if once some present misunderstandings could be cleared away, and business relations established on a satisfactory basis—satisfactory also to the Bakhtiari in the sense that they would feel their independence in no way threatened thereby—a stronghold of British influence might be built up which it would be well-nigh impossible to assail.

As has been frequently pointed out, the weakness of the Bakhtiari lies in their oft-recurring internal dissensions, and their impotence to prevent the superior diplomacy of Tehran from profiting by these to assert the shadowy suzerainty of the Persian Monarch over their country. On the way I was confronted with a remarkable instance of this peculiarity.

Before I left Ahwaz, Sheikh Khazzal, of Mohammerah, kindly called on me at His Majesty's Vice-Consulate, as I was prevented from going to see him by a bad knee. He told us that news had just reached him of the deposition of the then Ilkhani, Samsam-es-Saltaneh, and of the appointment of his first cousin, Shahab-es-Saltaneh, previously Ilbegi, to succeed him. The Sheikh was openly delighted at the new appointment, as he had been unable to arrive at any settlement of his outstanding difficulties with the Bakhtiari, such as the questions of the Governorship of Behbahan and the surrender of refugees, so long as the Samsam-es-Saltaneh had been Ilkhani, and he hoped to find negotiation with his successor easier.

I started for Ispahan before any official notification of this change reached Ahwaz.

When I reached Malamir—and before I got there passers-by warned us that a quarrel between the two leading Chiefs had broken out, and that fighting might begin at any moment—I was somewhat perplexed to know under the protection of which of these gentlemen I should place myself, for I learned that they were both at Malamir. I accordingly pitched my camp by the caravanserai, which was between and nearly equidistant from the armed camps of the opposing factions.

Presently a sowar of the Samsam-es-Saltaneh came along, and I asked him point-blank who was Ilkhani. He replied that a few days before the Samsam-es-Saltaneh was, and that the Shahab-es-Saltaneh had then become Ilkhani in his place. This decided me to send the letter Captain Lorimer had given me for the Ilkhani to the Shahab-es-Saltaneh.

Although I understood that it was customary for the Khans to pay the first visit, I went to call on each of them in turn, entirely sympathizing with their evident though inexpressed disinclination to go nearer than was necessary to the hostile camp, as they would have been compelled to do if they had called on me.

The Samsam looked most depressed and preoccupied. He is a tallish man, I believe some 57 years of age, dignified, and not without distinction. His eyes are a curious feature, rather bloodshot, tired, and occasionally with a wild vacant look in them that made me instinctively feel the character of a man who would suddenly hurl a javelin at the David who sought to soothe him with music.

With my very limited knowledge of Persian and an inefficient interpreter the conversation was anything but animated, but I understood that he did not wish to make trouble, but was much grieved at his deposition, and only wished to be left

unmolested in his former position. Things were helped a little by the appearance of Meta Kuli Khan, son of Hajji Khosro Khan, who speaks English fairly intelligibly.

The Shahab, on the other hand, has not the well-bred look of his cousin, and though entirely lacking in personal distinction, seems possessed of a certain shrewdness. He was most hospitable and friendly, and did all he could to facilitate our journey.

Without a far more intimate knowledge of the people and country than I possess it is hard to say whether there is any possibility of their coming to blows. The Samsam had, I believe, about 100 armed men in his camp. The Shahab had, I think, perhaps 100 more, and could, I was told, immediately raise up to about 5,000 if it came to fighting. Any delay I should imagine to be in favour of the Shahab, as it will give him time to get his authority recognized, and in some degree consolidated, among the tribes.

I was told at Ardal by my host, the Saham-es-Saltaneh, brother of the Shahab, that the Samsam had received orders to proceed to Tehran, under threat of retribution being visited on his only son, Murtaza Kuli Khan, whom he was unwise enough to send to the capital. If this be true it would seem that the Samsam had no choice but to comply.

The Shahab of course did not lose the opportunity of parading a member of His Majesty's Legation as being under his protection as Ilkhani, and the effect of this outward manifestation of his new authority was doubtless not lost on the tribes through whom we passed; he also grasped the opportunity in an even more practical fashion by joining two heavily loaded mules on to my caravan, and I subsequently discovered that their loads were rifles, presumably for distribution among his adherents in the outlying districts. The sedulous care with which my caravan was diverted from different villages on the road which owed allegiance to the Samsam, where the time was obviously not yet ripe for asserting the authority of the new Ilkhani, made me think that the old Ilkhani might have a considerable, if scattered, following if matters reached a crisis.

There may of course be fighting, but from the few impressions I received of the Bakhtiari character I think in that event more harm would be likely to be done to the property than to the persons of the opposing factions.

I have, &c.
(Signed) PERCY L. LORAINÉ.

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No. 217.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 110.)
Sir,

Gulahek, May 21, 1907.

I HAVE the honour to inclose an interesting Memorandum, drawn up by Mr. Churchill, reporting a conversation he has had with the Amin-es-Sultan.

I have not seen his Highness officially, but had a private meeting with him in his garden, in which the conversation turned mainly on personal matters.

He told me that he had fallen from office because he had refused to accept a loan from Russia under conditions which would have reduced the Shah to the position of the Amir of Bokhara—in fact, those same conditions which were recently refused by the late Sadr Azam. The Russian Minister had said to him that Bokhara was a happier and wealthier country than Persia. He had replied that it might be so, but he himself was not inclined to accept the position of Vazir to a subject Prince; he would either have no office at all or be Minister of an independent Sovereign. As he refused to take the loan, and the Shah insisted on having money, there was nothing for him to do but to resign. He was determined to stand by his former decision; and if the same terms were offered he would make the same answer.

He then asked if I could give any information as to our negotiations with Russia. I said my information was about two months old, but I understood that the two Governments were agreed to record in a solemn manner their former pledges as to the independence and integrity of Persia. The further negotiations, as to which I possessed no details, related simply to provisions of a negative character—each Power binding itself not to ask for privileges in Persia which might be injurious to the other. Persia was, of course, free to take what action she chose, otherwise "her independence and integrity" would be but empty expressions; and the two Powers were equally free to bind themselves mutually not to take action detrimental to each other's interests. Meanwhile, I

said I could tell him that my instructions were to keep on good terms with my Russian colleague and to discourage friction between British and Russian officials; and the two Governments had a verbal agreement not to lend money to Persia except by mutual consent; and also not to intervene in internal affairs unless this became absolutely necessary from considerations of self-defence.

The Amin-es-Sultan then observed that we intended not to quarrel; and I replied that I feared the policy of Persian statesmen, which had so long counted on playing Russia off against England, would have to be altered to suit the new conditions. But I said I had often seen him win a game of chess after losing the queen.

He remarked that the German Minister, with the German banker, had lately called on him, and he supposed that England and Russia would combine "to save the old bone from the new dog." What did I think he ought to do?

I said, as British Minister, I should have to warn him against impairing in any way the force of the guarantees already given to England. As a personal friend, I could add that he was Minister of an independent country, and that he had better take such measures as were in his country's interest so long as they did not conflict with its obligations and the acquired rights of others. Neither Russia nor England could or would object to the commercial enterprises of third parties in Persia. As he knew (for he had travelled in the East), our guiding maxims in foreign politics were fair play for all and the open door.

He said that was all very well, but the demands made by the Germans might well be such as to arouse English or Russian opposition. I said he was the best judge of what would arouse such opposition. The natural answer to any demands would be that Persia was willing to grant all facilities to foreign enterprise so long as her own independence and her obligations to other parties were not impaired.

He said he would have to try and find some way out of the difficulty—some harmless compromise—but it was very difficult. Money he must have, and he found himself confronted on every side by insuperable difficulties. Every one promised money, but no one would allow him to take it.

He spoke of the possibility of his early departure.

I have since learned that he has successfully maintained his influence both at Court and in the Majlis. I may observe that he would be unable to stand well at Court if he were not on excellent terms with the Russian Legation, so that his language about Russia is probably in conformity with the old rule of always speaking ill of Russia when in company with the English Minister. He will probably oblige the Russian Legation where he possibly can without exciting undue remark. At the same time he seems to be impressed by the fact that the old conditions have greatly changed, and that the predominant influence in Persia is no longer that of a foreign Legation.

To sum up my impressions of his present situation and policy, I should say that he knows that until he has money he is powerless, but that if he can obtain sufficient funds to reorganize and arm the Government he will be free to choose and follow his own policy. His activities will be therefore directed mainly to obtaining the required funds, which I do not think will be afforded him by his own countrymen.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 217.

Memorandum by Mr. Churchill.

HIS Highness the Atabek-i-Azam received me at 3 p.m. to-day, and I handed to him your two private notes on the subject of the Tabreez agitation, and of the Salar-ed-Dowleh's overtures. His Highness read them through very carefully, and asked me if I knew what "fundamental law" the people of Tabreez clamoured for. I said I had no idea. He said their quarrel was with the Tehran Assembly, which was preparing an amplification of the Constitution which was not finished yet, and had not been presented to the Government. The Shah and the Government were, therefore, in no way to blame. The Assembly had telegraphed all this, but the people of Tabreez did not believe it. To-day being Friday no immediate action could be taken, though he recognized the gravity of the situation, and suggested that a telegram should be sent to Tabreez that he was giving the matter his serious attention—a reassuring telegram—until he should have time to talk to the Shah, and give me an answer to-morrow. He asked me to go to the palace to-morrow to receive his answer, which I promised to do.

His Highness quite understood that your representations were not official, and he appreciated the friendly spirit in which you offered your good offices. He would put the matter before the Shah very clearly.

In the course of the conversation his Highness said that he had been obliged again to talk very seriously on the general situation to the Shah. He had told His Majesty that there was now a third factor which had to be taken into serious account, both by the Government and by the Assembly. This third factor was represented by the masses, who were rapidly getting out of hand, and to deal with them it was absolutely essential for the Government and Assembly to co-operate. The Shah had asked him whether he had discussed these matters with the Russian and British Ministers. He had replied that he had as yet not had an opportunity of doing so. His Majesty said that the Russian Minister particularly wanted to discuss matters with him, but when he asked His Majesty how he knew that, and whether the Russian Minister had told His Majesty so, he evaded the question by saying that he had merely heard a report to that effect. The Atabek said that he seized the opportunity to tell the Shah some things about the Russians which it was important His Majesty should know, and which would probably be new to him. He began by saying that he had no very great desire to see much of the Russian Minister. This, as he expected, surprised the Shah, who said: "But I thought you were on such good terms with the Russians. Haven't they done a great deal for you, and didn't they finance you while you were in Europe?" He replied that this was quite an error. On the contrary, they had refused to give him a personal loan; they had treated him with marked coldness from the day he fell from office in 1903, and after all he had done for them he said it proved how ungrateful they were. He said he did not fear to tell the truth to the Shah, and told His Majesty that he had borrowed large sums of money from the Russians under heavy political conditions. The late Shah had squandered the money on toys in Europe, and he (the Atabek) had acquired all the disgrace for it in the eyes of the nation. He had lost his good name over it, and the only gainer was the late Shah. The Russians were exactly like the Persian menials, who bowed and scraped to him when he was in office, and turned their backs upon him the very instant he fell from power.

The Shah asked him, "How about the English?" He replied, "You asked me about the Russians and I have told you. Let us drop the subject."

He said he then called on your Excellency and found, to his great regret, that you had already left for Gulahek. He then called on the Russian Minister. He said, incidentally, that people were talking about the Legation's early move to the country, and were saying that we expected refugees. I replied that you had also heard the rumour, and had ordered that the gates of the Legation in town should be closed.

Describing his interview with the Russian Minister, his Highness said that he had asked M. de Hartwig to speak as frankly to him as he himself proposed to speak. He said, "I told him you will no doubt like to know my views, and I propose to tell you exactly what they are. A third factor has sprung up in the form of the ignorant masses which has to be dealt with by the Shah's Government and the Assembly. I am convinced that if the Government and the Assembly do not co-operate, they will be powerless to deal with this third factor, which is rapidly getting out of control." To this he said the Russian Minister entirely agreed. "But," said the Atabek, "I told him I had heard that the Russians were bound to oppose the Liberal movement, and it was even reported that they had given the Shah assurances of support with this object. The Russian Minister replied that this was an entire fabrication. He could not have made such a promise on his own responsibility, and if the policy of his Government was to suppress Liberal movements they would certainly have begun by doing so in Russia." The Atabek said he had told the Russian Minister that he had only mentioned it as a report, wishing to hear the truth from the Russian Minister's own lips. Continuing, he said, "I then referred to the financial aspect of the situation. I said that all were looking to me as the saviour who has come to put their troubles right, but how am I expected to do this without money? It is obvious that we cannot expect to find money through the National Bank, and it is even more futile to think of a foreign loan. Were such a project to be only whispered, the whole country would be up in arms in protest against it. Then what am I to do? The Russian Minister agreed that the situation appeared difficult enough. I then said to him that I knew the English had declared that they would not lend any money without the consent and approval of the Assembly, but it had been reported to me that the Russians were prepared to do so. The Russian Minister replied very definitely that the report was unfounded. The Russian Government would also require the consent of the Assembly." His Highness said that shortly afterwards he took his leave. He then said to me that he was in an

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extremely embarrassing position, and he did not quite know why he had accepted the responsibility of office, as he could not for the moment see any way out of the difficulties surrounding him. I ventured to tell his Highness of a project which the President of the Assembly and some of the more enlightened of its members had discussed in my presence—namely, that the founders of the National Bank should themselves make a foreign loan, which they did not seem to think would be contrary to the stipulations contained in the National Bank's concession. His Highness said it was all very well for the President and his friends to make such plans, but when they came to the knowledge of the rank and file in the Assembly and in the country there would be a great wave of protest, and the scheme would inevitably fail. The feeling against foreign interference of any kind was, he considered, so great that such a project was bound to fail.

(Signed) G. P. CHURCHILL.

Tehran, May 17, 1907.

Inclosure 2 in No. 217.

Sir C. Spring-Rice to the Atabek-i-Azam.

(Private.)

Your Highness,

Gulahek, May 17, 1907.

I HAVE received a telegram from the British Consul-General at Tabreez, in which he says that the Tabreez Assembly has received a telegram from the deputies of Azerbaijan promising that the fundamental law will be sent to Tabreez within twenty days. The Assembly wishes to open the bazaars, but the crowd are preventing this, as they say that the telegram from the Azerbaijan deputies is not genuine.

There is great trouble, and it is feared that things may get much worse. The Assembly asks that this Legation should receive a telegram from the Azerbaijan deputies for transmission to Tabreez. In this way they hope to make the people quiet, and satisfy them that the news they receive is true.

I am instructed by my Government to avoid all sort of interference in the domestic affairs of Persia, but, at the same time to offer my services if they are desired, in order to contribute to the maintenance of peace and order.

Therefore I shall be very happy to transmit a telegram from the Azerbaijan deputies to the Assembly at Tabreez, through our Consulate there, if, in the opinion of the Shah's Government, this will tend to calm the people.

Your Highness will understand that I do not act officially in this matter, and that unless I am asked to do so by your Excellency I will take no action.

(Signed) CECIL SPRING-RICE.

Inclosure 3 in No. 217.

Sir C. Spring-Rice to the Atabek-i-Azam.

(Private.)

Your Highness,

Gulahek, May 17, 1907.

I HAVE received a telegram from the British Consul at Kermanshah, which I hasten to communicate privately to your Highness.

The Consul says that the Salar-ed-Dowleh wishes him to come and see him. He is 10 farsakhs distant from Kermanshah, and has a large force with him. He says he wishes to be reconciled with His Majesty the Shah, and has received telegrams from His Majesty and from his mother, but he is not sure whether they are genuine. He wishes, therefore, to have a message through this Legation.

I have answered that, if he gives his word that he is loyal to His Majesty and to the Persian Government, I shall be very happy to do anything I can in order to bring about a friendly settlement.

I should be much obliged if you could inform His Majesty that, according to my King's instructions, I am to do all in my power to contribute to the maintenance of peace and order in Persia. Therefore I am at all times ready, should His Majesty so desire it, to place the good offices of this Legation and the British Consuls at His Majesty's disposal.

If His Majesty has any message to send to the Salar-ed-Dowleh I shall be very happy to transmit it.

(Signed) CECIL SPRING-RICE.

[18870]

No. 218.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 111.)

Sir,

Gulahek, May 21, 1907.

I HAVE the honour to inform you of an incident which has occasioned much excitement in Azerbaijan and in the capital.

As I have already had the honour to report, a caravan destined for the Shah was stopped near Tabreez and searched. The packages were found to conceal arms, which were at once removed to the Arsenal.

The Russian Consul-General then addressed to the Governor a note, asking, in pointed language, with reference to this incident, who was responsible for order in the province, and what security there was for the lives and property of the inhabitants.

This note became known, and there was a heated discussion in the Assembly, in the course of which the Foreign Secretary was violently attacked for allowing foreign interference in the internal affairs of Persia.

Finally, the Foreign Office addressed a communication to the Assembly stating that the Russian Minister had afforded full explanations.

The Russian Legation then demanded the publication of a note officially addressed by M. de Hartwig to the Persian Foreign Office, in which it was stated that the Russian Consul-General was fully entitled to inquire who was responsible for the maintenance of order, in view of the fact that the property of the Sovereign had been publicly seized, as he was bound by his official duty to assure himself of the security of the Russian lives and property confided to his charge. On his receiving a reply from the Governor stating that foreign subjects were in greater safety than Persians, the incident was closed, and there was no reason for him to take any further measures. The note concludes by a reference to the history of the past century, which clearly proved how great had been the forbearance of Persia's "great northern neighbour."

It is not impossible that the note of the Russian Consul-General was sent without instructions, and that M. Hartwig has done his best to extricate his subordinate from a somewhat awkward position. The Russian Consul-General has on several occasions adopted a provocative attitude, which might have had dangerous results. With somewhat unusual frankness he communicated to Mr. Wratislaw his intention of making these representations, and the latter stated in reply that he did not think the step a wise one, and that he did not propose to take similar action.

I fully concur in his opinion.

I have, &c.

(Signed) CECIL SPRING-RICE.

[18871]

No. 219.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 112.)

Sir,

Gulahek, May 22, 1907.

I HAVE received your telegram No. 62 of yesterday's date respecting the measures to be taken in order to warn British subjects in isolated or dangerous positions to repair to the Gulf Ports in case of danger.

I am sending instructions to His Majesty's Consular officers requesting them to advise British subjects to avoid travelling in the disturbed districts so long as the present unrest continues, and I have telegraphed to the Government of India requesting that officers travelling on service may be warned not to run unnecessary risks.

I do not for the present, however, see any reason to apprehend any outbreak of fanaticism against foreigners in the towns, with the exception of Yezd, and I believe more risk would be run in travelling on the southern roads, where, owing to the unrest among the Fars tribes, who are now on the move, and the intrigues of the Kavam-ul-Mulk, there is a considerable degree of insecurity, than by remaining quietly in the towns.

At Yezd an attack on foreigners is not impossible, but for the reasons I have given above I doubt whether British subjects would be inclined to take the long

journey to the coast; but they are in a better position to judge of the degree of danger than I am.

All British subjects have been warned to be prudent, and they are aware that small expeditionary forces will not be sent to protect them.

I have, &c.
(Signed) CECIL SPRING-RICE.

[18872]

No. 220.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 113.)

Sir,

Gulahek, May 23, 1907.

I HAVE the honour to inclose Memoranda by Mr. Churchill on the subject of the proceedings of the Assembly and events in the country during the last month.

No progress seems to have been made in procuring ways and means for carrying on the Government. The German banker is now in negotiation with a special Committee of three with regard to the conditions under which the new bank is to be carried on. The German Minister maintains that it was by invitation of the Persian Government that the bank was to be established, and that the Persian Government should make satisfactory arrangements. The Persian Government contests this view, and finds it difficult to meet the wishes of the German banker.

The Russian Minister has adopted a conciliatory attitude with regard to the murder of a Russian Armenian subject. No money compensation has been demanded, and, at the personal request of M. de Hartwig, the penalty of death has not been inflicted. He has also sent a conciliatory statement for publication in the local press on the subject of the rather provocative communications of the Russian Consul at Tabreez. His statements to the Amin-es-Sultan on the subject of the attitude of the Russian Government towards the Persian Assembly have also been reassuring. His relations with the Shah are intimate, and he has recently had a long private audience of His Majesty. The impression prevails that private assurances are being made to the Shah which do not tend to a conciliatory policy towards his people. But it is probable that these are made by courtiers, who represent themselves as secretly inspired by Russian agents. There is no proof that they are suggested by the official utterances of the Russian Legation or of the Russian Government. Whatever be the cause, it appears to be the general impression that the Shah is constantly intriguing against the popular party, which he both hates and fears. He is, however, well disposed towards the Amin-es-Sultan, although he has declared his allegiance to the Constitution in a public and solemn manner. The explanation which finds general credence is that the Amin has persuaded him that, although he shares His Majesty's views at heart, he does not think the moment opportune to carry them out.

The Assembly is attacked on several sides. The whole Court is hostile and the population of the town discontented because bread is as dear as ever. A dispute between the two leaders—which led to the resignation of both—has given an appearance of weakness, of which its enemies are taking every advantage. A more important question has arisen in relation to an addition to the Constitution, guaranteeing equal treatment for all Persian subjects, irrespective of their creed. The Mullahs protested. Of the three great Mujtehed, only one—Seyid Mohamed—declared in favour of it. The others, supported by a large body of the clergy, maintain that Mussulman law must be enforced in a Mussulman country. The clerical world is divided on the subject. A large number of the priests, headed by Seyid Mohamed and the popular preacher Sheikh Jamal-ed-Din, declare openly that the law of Mahommed is a law of liberty and equality, and that those who say otherwise are traitors to their country and unworthy of their religion. The representative of the Parsees informs me that he has great hopes that a decision will be taken favourable to toleration; but the matter is still in suspense, and will doubtless for some time be a source of trouble between the lay and clerical wings of the popular party. It is believed that the more enlightened clergy are conscious of their weakness and that the end of clerical ascendancy is at hand; but the struggle is still doubtful, and the Shah has seized the opportunity of refusing to ratify the new clauses of the Constitution until they have been submitted to the Mujtehed of Kerbela. What the result will be is doubtful. Sheikh Jamal has recently received from Kerbela a formal message, which has been printed and widely distributed, charging the Persian people "to seek reform from the Shah through the Majlis."

The condition of the provinces is such as might be expected to result from the paralysis of the Central Government. In every town there is an independent Assembly, which acts without consulting the Governor or the Central Assembly at Tehran. One after another unpopular Governors have been expelled, and the Central Government and the Tehran Assembly have found themselves powerless to resist. The danger of universal disorganization seems a real one. A spirit of resistance to oppression and even to all authority is spreading throughout the country. The leaders are unknown. The inspiration seems to come from the north, perhaps from the Caucasus. The south is comparatively quiet, and is, on the whole, loyal. But a traveller on his way northwards observes that with every stage of his journey the language of the people becomes freer and their attitude to the Shah and his Government more hostile. Foreigners are liked or disliked as they are more or less connected with the existing Government. The sentiment of independence, in the widest sense, of nationality, of the right to resist oppression and to manage their own affairs is rapidly growing among the people. It is strongest in Azerbaijan. It is very strong in the capital, and whatever befalls the existing Assembly, which may very possibly lose its present power and prestige, it is difficult to believe that the newly acquired sentiment of liberty and patriotism can altogether disappear.

A feature of the present agitation is the growth of secret societies. There are bands of "devotees" in Baku and Northern Persia sworn to devote their lives to the good of their country and the destruction of its enemies. Tehran is full of societies, some of which hold public meetings; others are bound by common rules, although the members are, in general, unknown to each other. It is said that, in certain events, joint action, in the form of violence or passive resistance, will immediately be taken on the orders of small Central Committees. Much of this may be talk, but the talk is earnest.

You will observe a strong family resemblance between the reform movements in Russia and Persia—the same absence of leaders, the same instinctive hatred of the Government, the same secrecy. The main difference between the countries is that the Persian Government has neither army nor money, and has no power of resistance. But if it resists there is reason to fear that the movement will take a form as violent here as north of the Caspian. You will also observe the determined attack made on the Russian Government here, on the Cossack brigade, on aggressive Russian Consuls, and also the cordial exchange of telegrams between the Russian Duma and the Persian Majlis, in the name of "liberty, justice, and the fraternity of peoples." The two peoples seem to have a common hatred and a common desire, and it is not to be wondered at if the two Governments should act in common against a common enemy.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 220.

Summary of Proceedings of Persian National Assembly from April 27 to May 21, 1907.

Saturday, April 27.—The afternoon's debate was chiefly devoted to discussion on the subject of the sale of Persian women to the Turkomans. It was decided that the Assembly should restrict its action to recommendations on the subject to the Minister of the Interior, and in case that official did not take energetic action his dismissal would be pressed for. During the debate several voices were raised in denunciation of the Cabinet. A letter was written to the Minister of the Interior demanding the punishment of the officials implicated in the sale within fifteen days and the return of the women within forty days.

(Note.—The Atabek-i-Azam arrived at Tehran on the 27th April, and was appointed Minister of the Interior on the 2nd May.)

Sunday, April 28.—There was no general sitting, but the members of the House assembled in another room and read out the proposed additions to the Constitution.

Tuesday, April 30.—Telegrams were read from Resht and Kum relating to the disorders in the former place and the doings of a well-known disturber of the peace, named Haji Agha Mohsin, of Sultanabad. The Minister of the Interior (Vezir Afkham) was loudly denounced as a traitor, and after a stormy debate his dismissal was voted for by a large majority.

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Thursday, May 2.—In reply to the telegram sent by the House to the Russian Duma, as reported on the 7th March, the following telegram was received and read out :—

"La Douma de l'Empire de Russie prie la Chambre des Députés de Perse d'agréer l'expression de sa profonde reconnaissance pour ses félicitations et souhaits. Les paroles de son télégramme de congratulations sur la liberté, la justice, et la fraternité des peuples ont trouvé un puissant écho dans la Douma. Les deux Assemblées, qui ont presque en même temps ouvert à la rénovation leurs portes respectives, animées du désir sincère de travailler au bien-être de leurs peuples, sont pénétrées de la croyance que chaque pas qu'elles feront dans cette voie accélérera le triomphe de la paix éternelle et de la liberté de la Perse. Vive la Chambre des Députés, et puisse les sentiments qui unissent les représentants des deux Chambres être éternels.—Le Président de la Douma de l'Empire, GOLOVIN."

When the words "Vive la Chambre des Députés" were read, all present shouted "Long live the Duma!" The telegram, which had been translated into Persian, was sent to the Shah.

The Minister of Education, the President's brother, came to the house, and at a private sitting of the House made a long statement on behalf of the Government. He announced the dismissal of the Minister of the Interior and the appointment of the Atabek-i-Azam in his place. He informed the members that the Atabek, who had also been appointed Premier, had assembled all the Ministers at his house the previous night, and they had gravely discussed the situation, and had all subscribed to a written undertaking that they would co-operate with the Assembly and be true to the Constitution. He asked that the past should be forgotten, and that all should now co-operate in the common cause. He further stated that the Premier would attend the sitting of the Assembly on the following Saturday, accompanied by the whole Cabinet, to make a declaration of policy. The announcement was, on the whole, received well.

Saturday, May 4.—The attendance was very large, in anticipation of the Premier's declaration of policy. The Mujteheds were all present, and a large number of spectators had collected, including, in the place set apart for the Corps Diplomatique, the German Minister and his dragoman, the French Minister and his dragoman, three members of the British Legation, and two members of the Russian Legation.

At 5:30 P.M. the Premier entered the House, attended by the whole Cabinet, including His Imperial Highness Prince Naib-es-Sultaneh, the Minister of War, who came to the House for the first time. The members all rose, and the Premier took the seat of honour, placing the Minister of War on his right, and the principal Mujtehed, Seyed Abdullah, on his left. The following is the general sense of the speech he delivered :—

"The Shah has been graciously pleased to appoint me President of the Council of Ministers and Minister of the Interior, and my first duty was to present myself to the Assembly and to introduce my Cabinet. His Majesty is, I am happy to say, inspired by the most gracious sentiments towards the National Assembly, which represents the whole nation, and it will be my duty, and that of my Cabinet, to work hand in hand with you. I have only just arrived, as you know, and I am pleased to have had this early opportunity of assuring you that I am heart and soul with you in your high aim to reorganize and reform this country, and I hope I will be able to further your high aims by working hand in hand with you."

One of the members made a short reply on behalf of the House, thanking the Premier for his friendly words. The Atabek-i-Azam, resuming, said :—

"This is a great day, which inaugurates a new era. The Government and the nation will henceforth work together for the common good of the country. I assure you that I am sincere in these assurances which I give you. The proof of my sincerity is that I insisted that the whole of my Cabinet should subscribe to an oath of fidelity to the National Assembly, to which they all subscribed in the presence of the Shah, and which I have also read. You need have no apprehensions as to my sincerity."

The previous speaker said, on behalf of the Assembly, that they recorded these assurances with great rejoicing, and they hoped that these professions would be sincerely carried out. He added, however, that if they were not carried out, and proved to be only empty words, then, should the nation take measures to safeguard their interests,

he (the Premier) must expect it and not blame them. The Premier reiterated his former assurances, and after a few words in conclusion by Seyed Abdullah, who during the Premier's speech had continually nodded his assent and approval, the House rose. The crowd outside was very large, numbering probably over 3,000 persons.

Sunday, May 5.—A large number of Shirazis having taken sanctuary outside the Assembly, a statement of their grievances was read, which proved that they had taken this step in protest against the action of Kavam-ul-Mulk in Shiraz. After some discussion it was decided to demand the recall of that personage. It may be noted that the Kavam-ul-Mulk, who has large vested interests in the Province of Fars, has shown considerable hostility to the reform movement.

A telegram from Tabreez was read bringing certain serious charges against the Persian Ambassador at Constantinople, which it was decided to send to the Foreign Minister.

Tuesday, May 7.—The House sat with closed doors and discussed the growing disorders in Azerbaijan, Fars, and elsewhere. The charges against Haji Agha Mohsin, of Sultanabad, the guardian of the shrine at Kum, were also discussed at length, as well as the grievances of a nomad tribe near Tehran, called Shahseven Baghdadi, against the Russian Colonel of the Cossack brigade, the men under whose command are chiefly drawn from that tribe. Subsequently the additions to be made to the Constitution were discussed, and the House rose at nearly 10 P.M.

Thursday, May 9.—The Deputy Saad-ed-Dowleh reverted to his obstructive tactics, and refused to attend the sittings. A large number of the Shahseven tribe took sanctuary in the grounds of the House in protest against the Russian Colonel of the Cossack brigade, and their grievances were again under discussion.

Saturday, May 11.—Mohtashem-es-Sultaneh, who had in the meantime been appointed by the Prime Minister to attend the House to represent the Ministry of the Interior, presented himself to discuss the many outstanding questions between the Assembly and the Government. He described the steps which were being taken to bring back the land sold to the Turkomans; he promised that Haji Agha Mohsin would be summoned to Tehran; he spoke of the difficulties in the way of removing the guardian of the shrine of Kum, and informed the House that the Shahseven tribe, which had complained of the Russian Cossack Colonel, would no longer be under his orders as heretofore, but under the newly appointed Governor of Savah. He produced a telegram from Tabreez describing the unsatisfactory situation there, and asked the House to telegraph to the local Assembly to endeavour to restore order. The Governor of the Province had resigned in consequence of the action of the people.

The Deputy Saad-ed-Dowleh continued to refuse to attend the House, and stated that he would not come so long as the President remained. A noisy crowd thereupon came to the House demanding the resignation of the President, and was only dispersed with difficulty. The demonstrators were probably in Saad-ed-Dowleh's pay.

Sunday, May 12.—The Regulations for the Ministry of the Interior were read. The Minister of Finance attended a Select Committee to discuss the proposals made by the House on financial matters.

Tuesday, May 14.—The Foreign Minister and the Minister of Finance both attended a Select Committee to discuss matters of State, but the proceedings were kept secret. Saad-ed-Dowleh persisted in his resignation. The public sitting was a short one.

Wednesday, May 15.—A special sitting was held to discuss the proposed additions to the Constitution. During the afternoon a larger gathering than usual was noticed at the tents of the Shirazis, who had taken sanctuary near the House, where a demonstration was being made to protest against the delay of Kavam-ul-Mulk and his sons in leaving Shiraz. Later in the day a number of women came to the house and made a hostile demonstration.

Thursday, May 16.—The House sat from early morning to discuss the additional clauses of the Constitution. During the afternoon a Government Delegate informed the House that the Shah had been pleased to ratify the Bill passed by the House abolishing the system of fiefs. The President during the sitting tendered his resignation to the House. It is understood that he took this step in consequence of Saad-ed-Dowleh's hostility. After considerable discussion the President was induced to reconsider his decision.

Saturday, May 18.—The House sat with closed doors and discussed the additional clauses to the Constitution for the last time in the presence of the Mujteheds. The sitting lasted until 10 P.M. The clergy insisted upon the insertion of a clause to the effect that no legislative Bill should pass the House without the approval of the clergy,

which was hotly contested by the Deputies. The discussions, which had gone on for many days, turned chiefly on the proposal to insert a clause providing for the equality of all persons before the law, irrespective of religion or nationality. To this the Mujtehed showed much opposition. The Minister of Justice attended the House and asked that a Select Committee should be appointed to listen to some explanations he had to give respecting his Department. This was agreed to, and he read to the Committee a project of reform in the administration of justice which he proposed to introduce.

Sunday, May 19.—The Mujtehed were not present. After some preliminary matters had been discussed, the questions raised in connection with the proposed additions to the Constitution were again brought under discussion. The attitude of the Mujtehed was criticized, and the clerical element, which forms a strong majority, left their seats and the House in sign of protest. The House rose shortly afterwards, but reassembled within a quarter of an hour after the clerical members had been induced to resume their seats. The Bill regulating the Provincial Assemblies, which had been sent to the Shah for ratification, was returned to the House with a number of alterations and corrections of minor importance. A letter was read from the Parsee community of Yezd, demanding adequate protection, and a reassuring letter was sent to them in reply.

During the course of the month a correspondence has been carried on by the House with the Ministry of Foreign Affairs respecting the interference of the Russian Consul-General at Tabreez in the internal affairs of the province, and respecting the departure of M. Naus. Both these matters are reported upon in separate despatches.

Inclosure 2 in No. 220.

No. 6.—*Monthly Summary.*

NORTHERN PERSIA.

Tehran.

THE Atabek-i-Azam arrived at Tehran the 26th April, and was formally appointed President of the Council of Ministers and Minister of the Interior on the 2nd May. He proceeded to the National Assembly on the 4th May, accompanied by his whole Cabinet, and made a statement of policy.

2. The Persian Government propose themselves to build the telegraph connection from Seistan to Kuh-Malik-Siah. The Russian Minister, speaking to Sir Cecil Spring-Rice on the subject on the 29th April, said that the Governor of Baluchistan had raised objections to it. It should, however, be noted that there is no independent Governor of Baluchistan. The district is under the Governor of Kerman, who is at this moment the 19-year-old son of Prince Ferman Ferma, the Minister of Justice.

3. The Russian Legation has written the following to the Persian Government :—

"His Majesty the Emperor has commanded that the Legation should inquire whether it is true that His Majesty the Shah has dispensed with the services of M. Naus and M. Priem, in view of the fact that they have during the past rendered great services; and His Majesty the Emperor is very satisfied with them for the way in which they have seen to the due payment of the instalments of the loans."

4. On the 25th April the Russian Legation wrote as follows to the Persian Government regarding the affairs of Sepahdar, who was until lately Governor of Resht :—

"Regarding the maintenance of order in Mazanderan and Tenekabun no steps have been taken, and the properties of Sepahdar are in danger. His debt to the Russian Bank being guaranteed by the produce of his lands, it is requested that immediate steps be taken for their protection to avoid further trouble in the future."

5. The French Legation has written as follows to the Persian Government :—

"According to general report it is said that the arms purchased by the Persian Government in Paris are inferior and are not worth the price paid. I have the honour to inform you that they were excellent guns and were supplied in accordance with the contract."

6. The German Legation has written to the Persian Government that the sum of 12,000 tomans (2,400*l.*), promised for the institution of a Government college under German auspices, has not as yet been paid.

7. The German Legation has recently inquired on what conditions foreign war-ships are permitted to navigate the waters of the Persian Gulf.

8. The excitement caused by the agitation lately set on foot by a nomad tribe inhabiting the neighbourhood of Tehran against the Russian Cossack Colonel has not been confined to the Assembly. The local press has also taken the matter up. A recent issue of the Tehran newspaper "*Habl-ul-Matin*" published a violent article against the Russian Colonel and the Russian Cossack brigade in general. This journal reprints a copy of the Agreement entered into between the Russian and Persian Governments in 1882 for the supply by Russia of military officers for the purpose of reorganizing the regiment of mounted men specially attached to the Shah's person, and points out that the Cossack brigade as it now exists is a development which was entirely unexpected and extremely undesirable.

9. The tone of the local press is getting more and more democratic, and new papers are constantly appearing. There are at present nearly thirty papers published in Tehran alone, including several dailies. Papers are also published in nearly all the provinces, and a Persian paper of a very anti-dynastic tone is published at Baku and widely circulated in Persia. Anonymous pamphlets are also widely spread in Tehran as before. A number of them are printed at Baku, and are remarkable for their inflammatory character. The Tehran pamphlets are chiefly directed against the Atabek-i-Azam and the Government.

10. The Governor of Tehran, a prominent member of the Kashi family, suddenly resigned his post and left the town. The Shah did not accept his resignation, but in the meantime the town has been left without a Governor. His resignation is connected with the scarcity of bread caused by the usual ring. The Assembly had endeavoured to improve the supply of bread, but without marked success.

11. It is rumoured that the Russian Financial Agent was negotiating a personal loan of 1,800,000 tomans (about 400,000*l.*) from the Russian Government to the Shah, and was only prevented from concluding it on account of illness. The Financial Agent is leaving in a day or two for Russia.

12. In connection with the additional clauses for the Constitution, the Armenian community is very indignant at the proposal of the Mujtehed that they should not be on terms of equality before the law with the Mussulmans. The Armenians have threatened to do their worst in case equal rights for all persons irrespective of religion are not obtained.

13. The people having heard that M. Naus was about to leave the country, a hostile demonstration was organized against him by about forty persons who held Government bonds signed by M. Naus. The National Assembly took the matter up, and eventually agreed to M. Naus' departure from Persia, on condition that the Belgian Government should guarantee to make good any defalcations of which he might be proved guilty.

M. Naus proposes to leave Tehran on the 25th instant. He has signed a deed, which His Majesty's Minister has seen, appointing M. Priem his attorney in connection with the inquiry which is to be held, and pledging himself to render an account of his administration. He goes on leave for a year drawing his full salary.

14. Herr Gutmann, the German banker, has arrived at Tehran, and negotiations are in progress for the institution of a German Bank. Mohtashem-es-Sultaneh, Mohandis-ul-Mamalek, and Mukhber-ed-Dowleh have been appointed by the Government to consult with the Germans in this connection. Practically no progress has been made so far, as the German demands are too high. Possibly some Concessions for irrigation and mines will be given in Northern Persia, south of the Elburz Mountains, but nothing has as yet been decided.

15. The Salzevar incident is at an end. Thirteen guilty persons were arrested, and two were condemned to death, but were subsequently commuted from the death penalty at the instance of the Russian Legation. No money passed.

16. As already reported, the German Government have demanded 3,000*l.* indemnity for the murder of a German subject at Soujboulak, and the execution of the murderers. Two of the criminals have been caught, but as they belong to high Kurdish families there will be great difficulty in bringing them to justice. The murder was part of an intrigue to bring about the disgrace of the Governor.

17. The Parsees have also made urgent representations respecting the proposals of the Mujtehed, in connection with the amplification of the Constitution, pressing for equality before the law of all persons irrespective of religion. They have not associated

themselves in this matter with the Armenians and Jews, who are kept in the background. The Parsees have received satisfactory assurances from the chief leaders, and from the Mujtehed Seyyed Mohamed. Great agitation is, however, going on among the clergy in connection with this proposal. The Shah has appealed to Kerbela in the hope of breaking up the Assembly. The Atabek-i-Azam is still popular with the Assembly, but is getting tired, and talks of retiring. The revenues are coming in very slowly.

18. The Nizam-es-Sultaneh, who was appointed to Ispahan when the Zil-es-Sultan was turned out a short time ago, will go to Shiraz as Governor-General for the purpose of restoring order there. New Governors will be appointed to Ispahan and Tabreez, but the Shah has not yet decided whom he will send. The Zil-es-Sultan is very anxious to return to Ispahan and is doing his utmost with this object.

19. As-ef-ed-Dowleh, late Governor-General of Khorassan, is using his influence with the Shahseven tribe, of which he is the Chief, against the Shah. The Bakhtiariis are supposed to have been gained over by the popular party.

20. There has been an extraordinary growth of secret societies of late, organized on the Russian model. The programme of some of these societies is to stop the work of all Government Departments in case a *coup d'Etat* is carried through. Everything is in readiness for a determined attack against the Minister of War, the Shah's uncle. The Prince is giving the usual entertainment on the 27th May on the occasion of the anniversary of the Shah's birth, but his position is so precarious, owing to his great unpopularity, that it is supposed he may be out of office before that date.

21. The Russian Minister has been very conciliatory of late, and his Oriental staff has shown increased activity among the popular leaders, whom they have visited a great deal during the month.

22. The Governor of Tehran, Vezir Makhsoos, has returned, and has been induced to withdraw his resignation.

The following subjects have been dealt with fully in separate despatches:—

| Subjects dealt with. | Number of Despatch. | Date of Despatch. |
|--|---------------------|-------------------|
| Articles in Russian press respecting the British Legation | 100 | May 18, 1907. |
| German activity | 103 | " 19, " |
| Parsee community in Persia | 104 | " 19, " |
| M. Naus | 107 | " 20, " |
| Anglo-Russian relations | 108 | " 20, " |
| Bakhtiariis | 109 | " 21, " |
| Atabek-i-Azam. Situation at Tabreez | 110 | " 21, " |
| Detention of Shah's consignment of arms at Tabreez | 111 | " 21, " |
| Isolation of British subjects in Persia | 112 | " 22, " |
| Proceedings of the National Assembly | 113 | " 23, " |

British Agent at Astrabad.—Our Agent at Astrabad, a native Mussulman, has been accused of improper relations with a married Mussulman woman. The Governor of the district has complained officially of the Agent, and His Majesty's Minister is making arrangements for a Consular official to proceed there to make an inquiry.

Tabreez.

1. The Ottoman Kurdish Chief, Sheikh Sadik, is dead, and, as he appointed his second son as his successor, there is a chance of a civil war.

2. The constitutional movement has spread even to Maku, a district near Khoi inhabited by a mixed race which has hitherto held itself quite aloof from the rest of Azerbaijan. The local Assembly expelled their hereditary Chief.

3. Persons who arrived at Tabreez about the end of April from Khudaferin, about a day's journey east of Julfa on the Aras River, report that there is a great gathering of Cossacks on the Russian side, and give the number as 10,000, which is no doubt an exaggeration.

4. The fame of the Tabreez local Assembly seems to have spread throughout the country, for it receives appeals from places outside Azerbaijan for assistance. Notably, a telegram was received from Abrahamabad, near Sultanabad, complaining of the misdeeds of the notorious Haji Sheikh Mohsin.

5. The Begzadeh Kurds, now that all danger of a punitive expedition has passed, have begun fighting amongst themselves again. Mirza Jevad, the Enjumen preacher, is still at Urmia, and has given special addresses to Christians, besides allowing them to listen to him in the mosques. His line is patriotism, union among Mussulmans, and European civilization without European help. He is a great favourite with the lower orders, but disliked by the Khans and many of the Mullahs.

6. During the whole month under review the situation at Tabreez itself has become more and more critical. On the 6th the Governor Nizam-ul-Mulk (formerly Minister of Justice), finding his position untenable, decided to leave the city. He was, however, induced to return on the 10th. Having expelled one of the principal Mujteheds, the populace closed the bazaars on the 13th instant, and the local Assembly went to the telegraph office and informed the Tehran National Assembly that the country was tired of waiting for a Constitutional Government, and that the bazaars would remain closed until the fundamental law was promulgated. No satisfactory reply having been received from Tehran, they threatened that, unless the fundamental law were promulgated within ten days, that a special law would be made locally for Azerbaijan. On the 15th Mr. Wratislaw telegraphed that demonstrations continued, and that he feared exasperation was increasing, and that some extreme step might be taken, such as a declaration of independence on the part of Azerbaijan. The Shah was supposed to intercept the telegrams they sent to the Tehran Assembly and to reply to them himself. The following day the situation grew more critical, and armed demonstrators paraded the streets clamouring to be led to Tehran. The local Assembly applied to Mr. Wratislaw to act as intermediary, and certain unofficial steps were taken by His Majesty's Minister, with the cognizance of the Russian Legation, which have been reported upon separately. The situation then temporarily improved until the 22nd instant, when the local Assembly heard that a large force of irregulars was marching on the town and had reached within about 30 miles. They wished to know whether this force was acting under the Shah's orders before taking any measures against it. His Majesty's Minister again addressed the Premier unofficially, and received the information that the report was entirely unfounded, which he duly transmitted to Mr. Wratislaw. (See "Latest News," p. 12.)

Resht.

1. The Governor of the Province of Ghilan travelled to Tehran with the Atabek-i-Azam at the end of April, and arrived in Tehran just in time to be present at the deathbed of his aged father, Saeed-ed-Dowleh. His experience during the short time he was Governor of the province was apparently so disagreeable that he showed no desire to return. This is instructive, as he made most of his large fortune in Ghilan, when he was previously there as Governor-General. The Assembly and local Councils have apparently put a stop to his peculations. The province has been without a Governor during the greater part of the month, and seems to get on quite as well without one.

2. On the 4th the telegraph office was closed by the demonstrators, and neither the Russian nor British Consular officers could for some time telegraph to their Legations.

3. On the 5th instant the Russian Consul at Resht started a collection, to which he himself subscribed 20% out of Government funds, for the purpose of assisting those persons who had been thrown out of work by the closing of the bazaars by the demonstrators. The clergy, on hearing of the Russian Consul's action, preached against it, saying that Persians should never accept alms from Russians.

4. The people of Resht received telegrams of encouragement from Tabreez. A corps of volunteers was raised which paraded the streets.

5. On the 7th the British Vice-Consul was informed that some people had decided to enter the Vice-Consulate by force, to sack it, and to kill its occupants, in order to force the hands of the British Government to assist the supporters of the constitutional movement. The Russian Consul, on hearing the report, invited Mr. Hyacinth Rabino to take up his quarters at the Russian Consulate.

6. The British, Russian, and French Consular officers, who found that they were cut off from telegraphic communication with their Legations, protested to the local authorities, and the telegraph office was reopened.

7. The arms and ammunition for the Government which was landed at Enzelli was stopped at the instance of the local Assembly.

8. By the 13th instant the condition of the town was again normal, and no further disturbances were expected.

9. The new Governor of Resht is Vezir Akrem.

Meshed.

1. Major Sykes has sent in his account of the journey he recently made to the Afghan frontier, dated the 19th April, and observed that he noticed everywhere a marked increase of British prestige, which, he says, is apparently due to our known sympathy to Persian reform, and also to the weakening of Russian influence.

2. Unexpected corroboration of the well-known fact that the Russians extend their support to the Babi sect reaches this Legation from Meshed. An anti-Babi demonstration took place recently at Turbat-i-Haideri. The Secretary of the Babi community at Meshed thereupon applied to His Majesty's Consul-General secretly for help, stating that they had always been helped by the Russian Consulate, but that, as they knew that the Russians wished to upset the Assembly, they applied to the British.

3. A certain Mirza Jaafer Kuli Khan, having been appointed Persian Foreign Office Agent at Birjand, called before starting for his post on Major Sykes, who gave him a small travelling gift. Captain Franklin, who is stationed at Birjand, subsequently telegraphed that his appointment was very undesirable, as he had been a Russian employé and had given much trouble when there before. His Majesty's Minister made representations on the subject, and his appointment was eventually cancelled.

4. Some observatory instruments, which were on their way to the British Consulate, were stopped at the instance of the local Assembly of Meshed. The people suspected that the Consulate was about to set up wireless telegraphy, or that perhaps the cases contained bombs. His Majesty's Consul-General offered to open the cases in the presence of a member of the Assembly in a private capacity. This shows that, at any rate at Meshed, the people are as suspicious of us as of the Russians.

Turbat-i-Haideri.

1. The Persian Foreign Office Agent has been guilty of injustice to some Hindoo merchants, and His Majesty's Consul is making a careful inquiry into the charges.

2. A local Council has been formed both at Turbat and at Turshiz.

CENTRAL AND EASTERN PERSIA.

Ispahan.

1. The newly appointed Governor-General has had many difficulties to contend with, partly brought about by the agents of the Zil-es-Sultan, and partly by the powerful clerical element. He tendered his resignation to the Shah on more than one occasion, and has now been promised the Governorship of Fars.

2. The clergy have endeavoured again to restrict the commerce of the Jewish pedlars, and attention is being directed to this matter.

3. An incident very similar to that which lately occurred at Sabzevar very nearly occurred at Ispahan. An Armenian was accused of improper relations with a Mussulman woman, and only avoided being killed by taking to flight.

4. Agha Nejefi and his brother Sheikh Norullah continue their intrigues, which have so far been the cause of all the trouble in this part of Persia. The enmity of Sheikh Norullah caused the fall of the Zil-es-Sultan, who seems now disposed to come to terms with his enemy.

Yezd.

1. The imposition of illegal taxes has recently been protested against by His Majesty's Minister. The matter is reported upon fully in another despatch.

2. At the end of April a Parsee woman, with a child at the breast, was severely beaten in the town by a mob of Mussulmans.

3. The Governor informed the British Vice-Consul that he had formed a local Council, but it apparently had no analogy to the local Assemblies in other provinces.

4. An anonymous notice was posted in the bazaars declaring that any persons serving, dealing with, calling on, or receiving Europeans were unclean. It further stated that Imperial bank-notes were unclean in a legal sense. No notice was, however, taken of the appeal to fanaticism.

Seistan.

1. The famous riot incident came to a close on the 2nd April, when the Deputy Governor tendered the desired apology in the presence of practically all the British subjects in Seistan. The indemnity of 100*l.* was paid, and the plot of land marked out was definitely handed over.

2. Mumtahan-es-Sultaneh, who was sent by the Foreign Office to settle the above case, left Seistan for Tehran on the 6th April, as well as Mir Masum Khan, the Heshmet-ul-Mulk's second son. His Majesty's Consul says that the Russian Consul almost ignored the Mumtahan's existence since the time of his arrival in Seistan.

3. Captain Kelly performed an operation on the eyes of a daughter of Mollah Mohammed Taki, a ringleader in last year's riots. The fact is significant of the change in public opinion towards the hospital, a result which is entirely due to Captain Kelly's energy and devotion.

4. Two British Indian subjects were tried and found guilty in April and sent to India for imprisonment under the Persia Order in Council.

5. On the 12th May a telegraphic report was received from Seistan to the effect that a caravan of smuggled arms had been intercepted by the Robat escort in the Kacha ravine; 794 rifles and 62,000 cartridges were captured. About ten Gilzais of Afghanistan are believed to have been killed in the encounter, but all the killed and wounded were removed. The casualties on our side were nil. Another caravan is said to be at Duzdap, but will probably avoid Kacha and Robat.

6. Before proceeding to England on leave, Captain Watson wrote, respecting the village of Atashan, the possession of which is disputed by the Persians and Afghans, that the Shaukat-ul-Mulk, when he was touring the frontier in December last, dispatched from Gazik a party consisting of forty mounted men to the village in dispute. A small guard of four Afghans, who held the place, shut the doors of the fort and defied the Persian soldiers, who eventually left.

Kerman.

1. Nosret-ed-Dowleh, the 19-year-old Governor of Kerman, has received orders from his father and from the Minister of the Interior to appoint Governors and to collect the revenues under the old system for this year, as the new system has not got beyond talk in the Assembly.

2. The local Assembly meets periodically, but in the absence of any regulations does not know what to do and therefore does nothing. The people do not understand or show any interest in it.

Bam.

Lieutenant G. D. Ogilvie has sent in his report on the subject of a tour recently made by him in South-East Persia. The instructions he received from the Government of India were apparently to obtain information about the rifle smuggling occasionally carried on by the Afghans, and to search for a suitable place in Baluchistan for the summer head-quarters of the Vice-Consul at Bam.

With regard to the smuggling, he reports that the Chiefs are generally in league with the smugglers, and that the only effective means of suppressing the traffic is on the coast by ships. As to the summer head-quarters, he has not found any suitable place.

SOUTHERN PERSIA.

Shiraz.

1. The attitude of the newly appointed Prince-Governor is very characteristic. Mr. Grahame writes as follows: "The Prince Moayed-ed-Dowleh, who is in a diseased condition, spends most of his time in his 'anderun,' only appearing for an hour or two in the week at official sittings." As to the condition of the province, he says: "The local Assembly would appear to be on the eve of its fall. Its self-seeking and impotence have rendered it unpopular. Meanwhile every would-be Mujtehed issues orders in civil matters as if he were an independent authority. The administration of Fars, as was foreseen, rests with Kavam-ul-Mulk." The agitation against the latter in Tehran has been fully reported upon elsewhere.

2. On the 4th instant, in consequence of the growing discontent of the populace, who saw in the Kavam-ul-Mulk a firm supporter of the autocratic system, the long-threatened popular movement broke out. The shops were closed, and demonstrations were set on foot in Tehran in sympathy. On the other hand, the Kavam-ul-Mulk's party took simultaneous action, with the result that the whole province became disturbed. The high roads became immediately unsafe, and several caravans were robbed, including British merchandize to the value of about 1,800*l*. The British courier was robbed of his post-bags between Bushire and Shiraz. To exonerate himself from blame the Kavam-ul-Mulk thereupon telegraphed to the National Assembly at Tehran and to the Shah that all this disturbance had been brought about by the British. In reply to urgent representations on the subject of the robbery of British merchandize and the loss of our despatches, the Persian Foreign Office writes: "The necessary orders have been given in this matter to the proper authorities." In the meantime it is announced that the Nizam-es-Sultaneh will proceed to Shiraz from Ispahan to take up the Governorship.

Bushire.

1. The meetings of the local Council have been indefinitely postponed by the Governor.
2. A local volunteer corps has been formed.
3. 600 rifles were recently smuggled into Bushire.
4. The local preachers denounce Russia, and advise their hearers to work for unity and the National Assembly as the best means of combating Russian designs in Persia. There is a general belief that the inception of the Constitution is due to the English, and that the latter are inclined to support the people.
5. In reference to the Karan irrigation schemes, the Sheikh of Mohammerah has stated to His Majesty's Consul that he cannot consent to give Haji Muin-et-Tujjar of Tehran the powers to speak for him. He does not trust him sufficiently, though useful in little ways.

Bunder Abbas.

1. At the beginning of May about 200 persons took refuge at His Majesty's Consulate with the object of obtaining the redress of their grievances, which were connected with the administration of the district. His Majesty's Consul was instructed not to interfere in the matter, and the refugees left the Consulate within three or four days.
2. His Majesty's Consul at Bunder Abbas, in a despatch dated the 15th March to the Political Resident in the Persian Gulf, transmits the translation of a sworn statement made to him with regard to an attempt made by a native Secretary of the Russian Consul at Bunder Abbas to bribe a personal servant engaged by him to accompany Messrs. Wilson and Cruickshank, who were about to proceed on a visit to Shiraz via Lar. The servant who had been engaged for these two officers was asked to supply the Russian Consulate with information respecting their movements in return for payment.

Lar.

Lieutenant A. T. Wilson (32nd Sikh Pioneers) has supplied this Legation with a very interesting and useful Report on the subject of his tour from Bunder Abbas to Lar, and thence to Jahrum, Shiraz, Ispahan, Gulpaigan, and Tehran.

Throughout the Province of Lar the attitude of the people and their rulers to the Government of India seemed to be one of respect and admiration. It was very noticeable that the Indian Government was looked upon as a real Power, quite independently of the British Government. The Khan of Lar spoke with great contempt of the Shah and of the Persian Government. The Tehran Assembly was not looked upon with interest by the people, though they read the Tehran newspapers. The people are all well armed, and the Khan keeps a bodyguard of 200 well armed men. The people in general, however, are not particularly warlike, and would not be likely to take any part in a movement against the Shah in favour of the Assembly, nor would they support the Shah by force of arms. The clerical element was not much in evidence, though the Khan assured Lieutenant Wilson that they were at the bottom of all evil. Lieutenant Wilson was treated very well in the Khan's territory. The farther north he

went, however, the less civil the people were, the more numerous became the Seyeds and Mullahs, and the more unpopular became the Shah's Government. His impression, which is useful, as he knows the language, was that the English were sharing in Northern Persia the generally growing spirit of dislike of foreigners, though we are considered of value as a counterblast to the Russians, who are disliked but feared, their past acts and geographical position, together with the great hold they are supposed to have on certain Ministers, being always before the people's eyes.

(Signed) G. P. CHURCHILL.

Tehran, May 23, 1907.

Latest News.

Tabreez.

Mr. Wratislaw telegraphs that the local Assembly has intercepted telegrams to the son of Rahim Khan, who was reported to be at the head of a large irregular force marching on Tabreez, conveying the Shah's approval of his action. In the meantime, a tribe of Shahsevens have pillaged Rahim Khan's villages in his absence. The situation at Tabreez is better.

Bushire.

Several deaths have occurred at the Bushire quarantine station. The Governor communicated a telegram to the Resident stating that, by order of the Minister of the Interior and the Sanitary Council, fourteen days' quarantine had been imposed on all arrivals from Kurrachee. His Majesty's Minister protested against this on the ground of the Sanitary Convention of Paris, and the President of the Sanitary Council obtained an order from the Minister of the Interior that only five days' quarantine should be imposed, in conformity with the Convention of Paris. This order, however, had not been received at Bushire yesterday.

Kermanshah.

His Imperial Highness Salar-ed-Dowleh, the Shah's younger brother, has applied to His Majesty's Consul at Kermanshah with the object of a reconciliation with the Shah. The Prince is reported to have the following of about 25,000 tribesmen. His Majesty's Minister made unofficial representations on the subject to the Atabek-i-Azam, who, in reply, stated that the Shah authorized His Majesty's Legation to give a reassuring message to the Salar-ed-Dowleh and to tell him that the Shah was prepared to pardon him.

(Initialled) G. P. C.

[18874]

No. 221.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 10.)

(No. 115.)

Sir,

Gulahek, May 24, 1907.

I HAVE the honour to inclose herewith an interesting Memorandum drawn up by Mr. Kennard, embodying the latest information as to the proceedings of Herr Gutmann, which he obtained last night from trustworthy sources.

I venture to draw your particular attention to this information, which if correct would tend to show that the German Minister is not in favour of an energetic policy, at least at present, with regard to the proposed German bank.

I hear from the Foreign Minister that the German Legation has asked what are the regulations as to the visits of war-ships to the Gulf, and General Schindler has received a new publication, just issued in Germany, containing full information as to

the navigation of the Gulf, with soundings, &c., based on the Admiralty charts and on recent German surveys.

I have, &c.
(Signed) CECIL SPRING-RICE.

P.S.—The Russian Legation has received similar information.

C. S. R.

Inclosure in No. 221.

Memorandum respecting German Financial Schemes in Persia.

THE original Convention of August last, granting the establishment of a German bank in Tehran, the terms of which have been published in the "Standard," and are acknowledged as correct, was negotiated before M. Stemrich's arrival here as German Minister, and merely provided for subsequent negotiations to be conducted on the spot, when the German Financial Agent, M. Gutmann, arrived. It is true that the initiative came from the Ain-ed-Dowleh, who was Grand Vizier until July last, and wished to find a new source for borrowing money. M. Stemrich was, from his first arrival, sceptical as to the prospects of the bank. A grant of money had been promised for a German school about the same time as the Bank Convention, but M. Stemrich found that the negotiations were attended with great difficulties, and the money has, in fact, never been paid. The German professor has arrived, but the rent of the house taken for him from an English lady is in arrear.

When the German Financial Agent arrived, he was placed in communication by M. Stemrich with the Minister of Finance, and the Persian Government appointed a Commission of three to discuss the terms of the Concession. Had the proposed conditions been merely of a commercial nature no special Concession would have been necessary. What was desired was, on the one hand, a loan to the Persian Government; on the other, Concessions of an economical character, as, for instance, for mining and irrigation. From independent sources of information, it is gathered that M. Gutmann's negotiations with the Persian Government have been so far without result, though he remains closeted with the Ministers for Foreign Affairs and Finance for several hours daily.

The conditions he proposes for the grant of an advance are such as the Persian Government, in view of the Assembly's attitude to foreign Concessions and loans, as well as the possibility of foreign opposition, dare not accept. It is said that M. Gutmann has already been recalled by telegraph from Berlin, and as the indiscretion of the Telegraph Office is proverbial, it is quite possible that the information is correct. The opinions of experts is that, though optimistic with regard to commercial prospects in North Persia, M. Gutmann displays in conversation a singular ignorance of the country, and can only have studied the question superficially. His relations with the German Minister are not very cordial, and there is every reason to believe that M. Stemrich will be relieved when he decides to return to Europe.

(Signed) H. W. KENNARD.

Gulahek, May 24, 1907.

[18907]

No. 222.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 287.)

Sir,

St. Petersburg, May 29, 1907.

AT his weekly reception to-day M. Isvolsky handed to me a Memorandum, of which I have the honour to transmit a copy, and stated that I would find that it contained some observations in regard to a letter which I had recently written to him with respect to the prolongation of the Concessions of some telegraph lines in Persia. As his Excellency broached another subject, and evidently did not desire that I should discuss that matter with him, I made no remarks, especially as a hasty glance at the Memorandum showed me that it would be advisable that I should consult with you before proffering any observations.

As this despatch will only reach your hands some ten days hence, and as in my telegram No. 79 of to-day I have given a full summary of the contents of the

Memorandum and have indicated some points on which I have ventured to solicit information, it is needless for me to do more than forward a copy of the document.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 222.

Aide-mémoire communicated by M. Isvolsky May 16 (29), 1907.

PAR sa communication du 6 (19) Mai Sir Arthur Nicolson a fait savoir au Ministère Impérial des Affaires Étrangères que le Gouvernement Britannique pensait obtenir du Gouvernement Persan la prolongation pour vingt ans des Concessions des lignes télégraphiques de Téhéran-Bouchir, de Jask à Guadar, et de la ligne centrale de la Perse allant à Robat.

Tout en remerciant son Excellence de cette communication, le Ministère Impérial croit devoir attirer son attention sur le fait que le projet susindiqué, en cas d'exécution, introduirait un changement considérable dans l'état de choses actuel en Perse au point de vue des droits acquis respectivement à l'Angleterre et à la Russie. Si la ligne de Jask à Guadar reste effectivement en dehors de la sphère d'influence Russe projetée, il n'en est pas de même des deux autres lignes, puisque celles-ci traversent des provinces situées dans cette sphère.

Il paraîtrait donc juste, afin de ne pas s'écarter de l'accord intervenu au commencement des négociations Anglo-Russes, de n'introduire, tant que durent ces pourparlers, aucun changement dans les droits des deux parties, surtout lorsque, comme dans le cas actuel, ces droits ont un rapport évident avec les négociations en cours.

Saint-Petersbourg, le 16 Mai, 1907.

[18908]

No. 223.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 288.)

Sir,

St. Petersburg, May 29, 1907.

WITH reference to my despatch No. 157 of the 25th March last, I have the honour to report that M. Isvolsky mentioned to me to-day that the Russian Minister at Tehran had pointed out certain technical difficulties which lay in the way of the sums which were held by the Russian Bank for the purpose, should they be required, of furnishing the Russian share of an advance to the Persian Government being utilized for the payment of the arrears due to the Cossack Brigade. In these circumstances his Excellency said he was in consultation with the Minister of Finance as to the best means of overcoming the difficulty. It was, he observed, very necessary that the arrears due to the Cossack Brigade should be paid, as it was the only trained force on which the Shah could rely, and he was desirous of ascertaining what sources were available for the purpose. His Excellency did not specify what were the technical difficulties which prevented the bank from advancing the money, nor did he appear to have any clear idea as to how the sum, which he again mentioned was about 80,000 tomans, could be found. I will inquire of M. Isvolsky what arrangements, if any, have been made on the subject.

I reported the substance of M. Isvolsky's remarks in my telegram No. 80 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

[18910]

No. 224.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 291.)

Sir,

St. Petersburg, May 31, 1907.

THE Persian Minister here, the Mushir-ul-Mulk, called upon me to-day. He has arrived here to announce the accession of the Shah to the Throne, and will shortly

[1711]

3 B

proceed to London and Paris for the same purpose, subsequently returning to St. Petersburg to assume charge of his Legation, from which he has been absent for over a year.

He spoke to me at some length on the situation in Persia, which he trusted would soon return to a normal state. The absolutely essential condition, in his opinion, to the restoration of peace and quietude was that the Persian Government should recognize fully the new state of things, and should work cordially and harmoniously with the Assembly. The Government, in short, should place themselves at the head of the popular movement, and adapt themselves to the new régime which public opinion in Persia was determined to see established. If the Court and the Government were to adopt this course, and were to show by their acts that they had no desire to run counter to the wishes of the people, he had no doubt that the course of affairs would run smoothly. I observed that I trusted that the Assembly on its side would also show moderation, and not at present make excessive demands. The Mushir-ul-Mulk said that at first there were signs that the Assembly might go too far in its early stages, but that now wiser counsels were prevailing, and he thought that it would be seen that the Chamber intended to act reasonably.

He said that he had had the advantage of a long conversation with M. Isvolsky, and had been pleased to hear from him that the accord between Great Britain and Russia in no wise affected the integrity and independence of Persia, and that both Governments had decided to abstain from all interference in the internal affairs of Persia. There had been some fear lest the understanding between the two Governments might lead to efforts to support the authority of the Shah against the Assembly, but he believed that there was no danger of any intervention of that character. I told him that he could rest assured that neither Government had the slightest intention of interfering in the internal affairs of his country; the attitude assumed by both Governments was one of absolute neutrality. I could state on behalf of my Government that intervention was far from their thoughts, always, of course, on the understanding that the lives and interests of British subjects were not imperilled. Exaggerated rumours, I added, were often floated, and as on the side of Persia there were groundless fears as to the possible action of the British and Russian Governments, so in the minds of some of my countrymen there had been anxiety lest the Assembly should wish to hamper or invalidate certain concessions which had been legitimately obtained by them. The Mushir-ul-Mulk stated that he was convinced that the Persian Assembly would scrupulously observe all existing concessions and contracts, and he was pleased to hear from me that the British and Russian Governments intended to pursue the policy which I had indicated.

I inquired of him whether the financial situation was not causing some difficulties. He admitted that such was the case, but trusted that means would be found for tiding over the embarrassments until a proper financial policy had been introduced and the reforms which were being made in the system of taxation had borne fruit. I asked him if the National Bank had been finally established. He said that the Bank had been formed, but he did not know if it had yet been found possible to set its machinery into full working activity. He believed that the Bank was prepared to advance the Government about 100,000*l.* which had been subscribed internally. I inquired whether the German Bank had commenced operations. He replied that M. Gutman was studying the situation, and he personally doubted if there would be an opening at present for a German financial institution.

I remarked that it seemed to me that a fourth bank would create rather a plethora of such establishments in Persia, and that there was hardly room for so many.

The Mushir-ul-Mulk agreed, and repeated that he doubted if Germany would find it worth her while to promote a German Bank.

The Mushir-ul-Mulk expects to be in London about the 14th proximo.

I have, &c.
(Signed) A. NICOLSON.

[18916]

No. 225.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 297.)
Sir,

St. Petersburg, June 3, 1907.

I INFORMED M. Isvolsky yesterday that the Mushir-ul-Mulk had paid me a visit, and I acquainted his Excellency with the substance of what I had said to the Persian Envoy, and I stated that I had laid special stress on the desire of my Government to abstain from all interference in the internal affairs of Persia, and to observe an attitude of absolute neutrality. M. Isvolsky said that he had used practically the same language, and that the Mushir-ul-Mulk had hinted to him that perhaps the Russian Government would be disposed to support the Persian Assembly in its relations with the Shah. His Excellency had pointed out to the Persian Envoy that, though the Russian Government would gladly welcome harmonious relations between the Shah and the Assembly, they did not desire to place themselves on either side, and that intervention in favour of the Assembly would be a distinct interference with the internal affairs of Persia. He had emphasized the desire of the Russian Government to be absolutely neutral.

M. Isvolsky added that the Mushir-ul-Mulk had evinced considerable curiosity as to the negotiations between Great Britain and Russia, and he had told the Persian Envoy that the integrity and independence of Persia would be strictly safeguarded. He had further explained to the Mushir-ul-Mulk that a good understanding between Great Britain and Russia and an identity of views and policy on the part of both the neighbours of Persia could have but a beneficial effect on the interests of that country. Had the former jealousies and rivalries between the two countries continued to exist during the present crisis in the affairs of Persia, it would have been quite possible that some intervention would have ensued, and that the two Powers, suspicious of each other's motives and aims, might have taken some action which would have been of serious moment to Persia. As matters were, all such danger had been avoided, and Persia could congratulate herself on the happier state of relations which existed between Great Britain and Russia.

He had been informed by the Mushir-ul-Mulk that the deficit in the Persian Budget would amount to over 2,000,000*l.*, and he did not himself see how Persia could extricate herself from her financial difficulties without a loan. He did not appear to have dwelt on this matter with the Mushir-ul-Mulk, and I repeated to M. Isvolsky the few remarks which had been interchanged between the Mushir-ul-Mulk and myself on the subject.

I have, &c.
(Signed) A. NICOLSON.

[18925]

No. 226.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 306.)
Sir,

St. Petersburg, June 6, 1907.

I HAVE the honour to transmit herewith an *aide-mémoire* which I have received from M. Isvolsky, inclosing some amendments which the Russian Government desire to introduce into the Preamble and into Articles I to IV of the draft Convention concerning Persia.

I have, &c.
(Signed) A. NICOLSON.

Inclosure 1 in No. 226.

Aide-mémoire.

DANS son aide-mémoire du 11 (27) Mai courant, le Gouvernement Impérial, tout en constatant l'accord établi entre la Grande-Bretagne et la Russie quant au contenu du Préambule et des quatre premiers Articles de la Convention à conclure sur les affaires de Perse, se proposait de revenir sur quelques détails de l'Arrangement qui, de son avis, exigeaient des éclaircissements supplémentaires.

Le Gouvernement Impérial a cru donc utile de mettre en regard le texte du Préambule et des quatre premiers Articles, tel qu'il a été accepté en principe par les deux Gouvernements, et les changements qu'il proposerait, pour sa part, d'y introduire, conformément à la pièce ci-jointe.

Sans s'arrêter sur quelques modifications de rédaction d'importance secondaire, qui y sont désignées en marge, le Ministère Impérial croit devoir attirer tout spécialement l'attention de l'Ambassadeur Britannique sur les points suivants qui, tout en ne touchant en rien aux bases de l'entente établies, ont tout de même une certaine portée.

1. Il est à noter tout d'abord que l'expression "animés du sincère désir de maintenir l'ordre et le développement pacifique dans toute l'étendue de l'Empire Persan" implique l'idée d'un engagement direct de garantir le maintien de l'ordre en Perse, ce qui n'entre évidemment pas dans les intentions des Parties Contractantes. Il serait donc préférable de rédiger ce passage comme suit : "animés du sincère désir de voir l'ordre et le développement pacifique maintenus dans toute l'étendue de l'Empire Persan."

2. La Convention ayant exclusivement trait aux intérêts de la Grande-Bretagne et de la Russie en Perse, il serait peut-être désirable d'omettre le passage relatif "aux avantages égaux pour le commerce et l'industrie de toutes les nations," d'autant plus que ce passage n'est pas en tous points conforme avec les dispositions du projet de la Convention.

3. De l'avis du Ministère Impérial, il semblerait préférable d'atténuer en tant que possible toute expression faisant allusion à des cas de mésintelligence entre les deux Puissances, et par conséquent d'omettre les mots "constatant l'effet nuisible résultant des cas de friction sur place dans leurs relations avec la Perse et entre eux-mêmes." Le sens général du paragraphe n'en serait pas, semble-t-il, moins clair.

4. Comme la Russie a consenti en principe à faire aboutir la ligne de démarcation de sa sphère d'influence à Zulfagar, il reste à définir d'une manière précise les points principaux que la ligne en question devra traverser à partir de Khakh; le Ministère Impérial désirerait la voir passer par les localités Khaf et Kiariz et la montagne Kuh-Benitak. Cette direction aurait l'avantage de comprendre dans la sphère d'influence Russe le poste sanitaire de Kiariz, très important au point de vue de la garantie des possessions Russes de l'invasion d'épidémies.

5. Les limites de la zone Russe n'étant indiquées dans l'Article I que du côté méridional, y aurait-il nécessité de mentionner dans l'Article II "les frontières de l'Afghanistan et du Béloudjistan" comme limitant la zone Anglaise?

6. Enfin, le Gouvernement Russe proposerait, pour plus de précision, de compléter l'Article IV par une indication qu'il ne s'agit des emprunts conclus, aussi bien à la Banque Impériale de Perse qu'à la Banque d'Escompte et des Prêts, "jusqu'à la date de la signature du présent Arrangement."

Saint-Petersbourg, le 23 Mai (5 Juin), 1907.

Inclosure 2 in No. 226.

Modifications proposées par le Gouvernement de Russie.

Le Texte de Convention, relative aux Affaires de Perse, adopté en principe par les Gouvernements de Grande-Bretagne et de Russie.

voir l'ordre et le développement pacifique maintenus

à exclure

LES Gouvernements de Grande-Bretagne et de Russie, s'étant mutuellement engagés à respecter l'intégrité et l'indépendance de la Perse et animés du sincère désir de maintenir l'ordre et le développement pacifique dans toute l'étendue de l'Empire Persan, aussi bien que d'établir des avantages égaux pour le commerce et l'industrie de toutes les nations, ont résolu qu'une Convention sera conclue entre eux aux termes suivants:—

Les Gouvernements de Grande-Bretagne et de Russie reconnaissent mutuelle-

voir la paix et l'ordre maintenus

à exclure

de l'autre

ment que chacun d'eux a, pour des raisons d'ordre géographique et économique, un intérêt spécial à maintenir la paix et l'ordre dans certaines provinces de la Perse contiguës ou voisines à la frontière Russe d'une part, et aux frontières de l'Afghanistan et du Béloudjistan de l'autre; et chacun des deux Gouvernements, constatant l'effet nuisible résultant des cas de friction sur place dans leurs relations avec la Perse et entre eux-mêmes, est désireux d'éviter tout motif de collision avec les intérêts spéciaux de chacun d'eux dans les provinces Persanes dont il a été fait mention plus haut.

En conséquence, il a été décidé par la présente comme suit:—

I.

Iezd, Khakh, Khaf, Kiariz, et la montagne Kuh-Benitak

La Grande-Bretagne s'engage à ne pas rechercher pour elle-même et à ne pas appuyer, en faveur de sujets Britanniques, aussi bien qu'en faveur de sujets de Puissances tierces, de Concessions quelconques de nature politique ou commerciale, telles que les Concessions de chemins de fer, de banques, de télégraphes, de routes, de transport, d'assurance, etc., au delà d'une ligne partant de Kasri-Chirin, traversant Isphahan, Iezd, et Khakh et aboutissant à la frontière Afghane près de Zulficar, et à ne pas s'opposer, directement ou indirectement, à des demandes de pareilles Concessions dans cette région soutenues par le Gouvernement Russe.

II.

et aboutissant à Bender-Abbas

La Russie, de son côté, s'engage à ne pas rechercher pour elle-même et à ne pas appuyer, en faveur de sujets Russes, aussi bien qu'en faveur de sujets de Puissances tierces, de Concessions quelconques de nature politique ou commerciale, telles que les Concessions de chemins de fer, de banques, de télégraphes, de routes, de transport, d'assurance, etc., au delà d'une ligne allant de la frontière Afghane par Gazik, Birdjand, Kerman, et Bender-Abbas et par les frontières de l'Afghanistan et du Béloudjistan, et à ne pas s'opposer, directement ou indirectement, à des demandes de pareilles Concessions dans cette région soutenues par le Gouvernement Britannique.

III.

La Russie s'engage pour sa part à ne pas s'opposer, sans s'être préalablement entendue avec l'Angleterre, à ce que des

entre les

identique

Concessions quelconques soient données à des sujets Britanniques dans les régions de la Perse situées en dehors des lignes mentionnées dans les Articles I et II.

La Grande-Bretagne prend un engagement analogue en ce qui concerne des Concessions à donner à des sujets Russes dans les mêmes régions de la Perse.

Toutes les Concessions existant actuellement en deçà des lignes désignées dans les Articles I et II sont maintenues.

IV.

revenus garantissant

à la Banque d'Escompte et des Prêts de Perse jusqu'à la date de la signature du présent Arrangement,

sur le littoral Persan de la Mer Caspienne et ceux

Perse jusqu'à la date de la signature du présent Arrangement.

Il est entendu que les revenus de toutes les douanes Persanes, à l'exception de celles du Farsistan et du Golfe Persique, garantissant l'amortissement et les intérêts des emprunts conclus par le Gouvernement du Schah en Russie, seront affectés au même but que par le passé.

Il est également entendu que les revenus de douanes Persanes du Farsistan et du Golfe Persique, aussi bien que ceux des pêcheries de la Mer Caspienne et des Postes et Télégraphes, seront affectés comme par le passé au service des emprunts conclus par le Gouvernement du Schah à la Banque Impériale de Perse.

[19133]

No. 227.

India Office to Foreign Office.—(Received June 10.)

Sir,

India Office, June 8, 1907.

IN reply to Mr. Mallet's letter of the 1st June on the question of renewing the contracts of the Indo-European Telegraph Department in Persia, I am directed by Mr. Secretary Morley to inclose, for the consideration of the Secretary of State for Foreign Affairs, copy of a Memorandum by the Director-in-chief of the Department on the subject.

Mr. Morley appreciates the difficulty of pressing at present on the Russian Government the view that the maintenance of existing Concessions referred to in Article III of the draft Convention regarding Persia now under discussion implies the renewal of such Concessions if the Persian Government agrees to it. But the reasons given in Mr. Kirk's Memorandum against a settlement on the lines indicated in Mr. Mallet's letter under reply seem to him valid, and I am to suggest, for Sir E. Grey's consideration, that, with a view to meeting the difficulty, which appears to Mr. Morley to be a serious one, the Russian Government should be invited, as proposed by Mr. Kirk, to withdraw their present objection to the renewal of the Indo-European Telegraph Department's Concessions in Persia, in return for a surrender by the British Government of their rights over the Tehran-Khanikin line.

Such a solution would apparently go far to frustrate the schemes of the Dresdener Bank for telegraph connection between Constantinople and India through Persia, referred to in Mr. Mallet's letter of the 4th June. But any application to the Persian Government for a renewal of the Telegraph Department's Concessions, such as is suggested in Sir C. Spring-Rice's telegram No. 134 of the 31st May, forwarded with Mr. Mallet's letter, is apparently precluded by Article I of the draft Convention as it now stands, unless the Russian Government agree that the maintenance of existing Concessions contemplated in Article III involves also their extension with the approval of the Persian Government.

I am, &c.
(Signed) A. GODLEY.

[19204]

No. 227*.

Sir A. Nicolson to Sir Edward Grey.—(Received June 10.)

(No. 91.)

(Telegraphic.) P.

St. Petersburg, June 10, 1907.

MY telegram No. 87 of the 7th instant.

M. Isvolsky has sent me a Memorandum accepting addition proposed by His Majesty's Government by Article V of Persian Convention. Proposed final wording of above Article is given, but expression "sphere of interest" is used in place of "sphere of influence." Former expression seems preferable to latter, but I will await your reply to the suggestions made in my telegram referred to above. In final sentence M. Isvolsky employs the words "principes servant de base à la présente Convention" instead of principles governing the present Convention," which, I presume, we can agree to; otherwise Article is identical with that which I originally forwarded to you.

[1741]

3 C*

Inclosure in No. 227.

Memorandum by the Director-in-chief of the Indo-European Telegraph Department.

THE Foreign Office puts forwards a suggestion that, in order to meet Russian objections, His Majesty's Government should agree, if the contracts of the Indo-European Telegraph Department can be renewed in Persia, to renounce the right to work the section of the Department's lines, which lies within the proposed Russian sphere (*i.e.*, that between Tehran and Ispahan) on the expiration of the present Concession. Should this line be made over in the manner proposed, it would without doubt come under the complete control of the Russian Government, with the result that neither the British nor the Indian Government could communicate by telegraph with the British Minister at Tehran except over Russian telegraph lines. It appears to me that this is a very serious objection to making an Agreement of the kind. From a telegraph point of view the giving up of the line from Tehran to Ispahan would be a mistake, as the Tehran-Bushire and the Central Persia lines meet at Ardistan, and if the section of the line from Ardistan to Ispahan was taken away from the Indo-European Telegraph Department the connection between the two main lines would be lost.

Sir C. Spring-Rice, in his telegram of the 31st ultimo to the Foreign Office, reports that he hears the Dresdener Bank wants to arrange for telegraph connection from Constantinople, through Persia, to India. With reference to this connection, I would invite attention to the fifth paragraph of my note of the 25th April last, which is below,* in which it is shown how, if the present telegraph Concessions of the Indo-European Telegraph Department are not renewed, the German Government may obtain the control of the telegraph line from the Turkish frontier at Khanikin to the Indian frontier at Robat. It might be that, if this were brought to the knowledge of the Russian Government, and if at the same time the British Government were to agree to make over its rights over the Khanikin-Tehran section to the Russian Government, the latter Government might waive its present objections to the renewal that is wanted of the Concessions of the Indo-European Telegraph Department in Persia.

(Signed) H. A. KIRK.

June 4, 1907.

[18690]

No. 228.

Sir Edward Grey to Sir A. Nicolson.

(No. 73.)

(Telegraphic.) P.

Foreign Office, June 10, 1907.

PERSIAN Convention.

I concur in amendments as proposed by your Excellency in your telegram No. 87 of the 7th June.

[18233]

No. 229.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 102.)

Sir,

Foreign Office, June 10, 1907.

I HAVE to inform you that I caused a copy of your despatch No. 91 of the 26th April last, relative to the affairs of the Oil Concessions Syndicate, to be forwarded to Mr. J. R. Preece for the information of that Company.

I now transmit to you herewith copy of a letter from Mr. Preece,† written as a reply to that communication, stating the reasons for which the Syndicate absolutely decline to cancel the existing Agreement between themselves and the Bakhtiari Chiefs and to negotiate a fresh one, and denying the right of the Persian Government to insist on the renewal of the contract, on which the Meftah-es-Saltane laid stress in his conversation with you.

You will observe that the Syndicate are willing that Mr. Paul Kitabji should be openly acknowledged as their agent at Tehran under your control, and that they

* Copy sent to Foreign Office on May 8, 1907.

† No. 191.

express the hope that you will use your discretion in the matter and will furnish that gentleman with strict instructions.

I have to request you, should you see no objection, to advise Mr. Kitabji to act as suggested by Mr. Preece, by endeavouring to induce the Amin-es-Sultan to use his influence to persuade the Bakhtiari Chiefs to carry out their agreement with the Syndicate.

I am, &c.
(Signed) E. GREY.

[18233]

No. 230.

Foreign Office to Mr. J. Preece.

Sir,

Foreign Office, June 10, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 3rd instant, relative to the affairs of the Oil Concessions Syndicate in Persia.

I am to inform you, in reply, that a copy of your communication will be forwarded to His Majesty's Minister at Tehran, with instructions to advise Mr. Paul Kitabji to act as suggested by you by endeavouring to induce the Amin-es-Sultan to use his influence to persuade the Bakhtiari Chiefs to carry out their agreement with the Syndicate, should Sir C. Spring-Rice see no objection to such a course.

I am, &c.
(Signed) F. A. CAMPBELL.

[19336]

No. 231.

Sir A. Nicolson to Sir Edward Grey.—(Received June 11.)

(No. 92.)

(Telegraphic.) P.

St. Petersburg, June 11, 1907.

YOUR despatch No. 225 of the 6th instant and your telegram No. 72 of the 7th: Persian Convention.

I will not communicate proposed amendments without receipt of further instructions.

In regard to the insertion of the clause respecting the *status quo* in Persia in the Preamble, I should like to be informed, in case Minister for Foreign Affairs inquires, what precisely maintenance of *status quo* implies. Should I be correct in saying that maintenance of the political *status quo* solely is referred to, that is, that we should regard the establishment of a naval base or a fortified place in the Gulf by a foreign Power as a serious disturbance of the *status quo*, but that we do not wish to modify in any way the stipulations in Article III as to Concessions in the neutral zone, nor to attempt to exclude the legitimate trade of other countries?

[19319]

No. 232.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 11.)

(No. 145.)

(Telegraphic.) P.

Gulahek, June 11, 1907.

SALAR suddenly fled to the mountains, after fighting in which there was some loss, and the Salar's side gained the advantage.

Above statements are contained in official telegrams.

[12934/06]

No. 234 A.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 72.)
(Telegraphic.) P. *Foreign Office, June 11, 1907.*
ATTACK on Douglas and Lorimer.
With reference to Mr. Grant Duff's despatch No. 75 of last year, what prospect is there of recovering 2,000*l.* from the Persian Government?

[19432]

No. 234 B.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 12.)

(No. 146.)
(Telegraphic.) P. *Tehran, June 12, 1907.*
IN reply to query in your telegram No. 72 of the 11th instant, the Persian Government have no money. They, moreover, maintain that warning of risk was given, and that the safety of travellers during recent rebellion in Laristan could not be guaranteed.

[1741]

3 D*

[18846]

No. 233. *36**Sir Edward Grey to Sir N. O'Connor.*

(No. 59.)
(Telegraphic.) P. *Foreign Office, June 11, 1907.*
TURCO-PERSIAN frontier.
Acting in concert with Russian Ambassador, your Excellency should urge Sublime Porte to abstain from encroaching on territory belonging to Persia.
See telegram No. 144 from Tehran, which has been repeated to you.

[18839]

No. 234.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 70.)
(Telegraphic.) P. *Foreign Office, June 11, 1907.*
SITUATION at Kermanshah.
Instructions which you have sent to Consul at above place, as mentioned in your telegram No. 143 of the 8th June, are approved.

[15429]

No. 235.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 106.)
Sir, *Foreign Office, June 12, 1907.*
I HAVE received your despatch No. 69 of the 11th April, in which you express your views on the draft Convention relative to Persia, communicated by M. Isvolsky on the 20th February.

You will have observed from the confidential print which has doubtless reached you by now that considerable alterations have already been agreed upon by the British and Russian Governments in its text, and I transmit herewith a counter-draft* which has been prepared by His Majesty's Government, and which with some possible minor modifications, chiefly of a verbal character, still under consideration, will shortly be communicated to the Russian Government.

In order to avoid any misunderstanding as to the interpretation which might be placed upon the Agreement in regard to the position of Great Britain in the Persian Gulf, I have proposed the insertion in the Preamble of a reference to the special interests of this country in the maintenance of the *status quo* in those regions.

An Article (III) has been agreed upon which will minimize the danger that the preponderating influence of Russia, due to the inclusion of Tehran within her sphere of interest, will be used to prevent the acquisition of British Concessions in the neutral zone; while Article V, which has also been accepted by the Russian Government, is designed to obviate the possibility of Russia exercising in the British sphere the right to control the customs which is conferred upon her by her loan contracts in the case of default.

You will also note that an important modification has been made in the definition of the Russian sphere, the Russian Government having consented to the line terminating at Zulficar, instead of at Kuhsan. It is thus secured that no part of the Russian sphere will be conterminous with the Afghan frontier, a point on the importance of which I need not dwell.

You lay stress on the desirability of fully safeguarding British interests in respect of Concessions which have not yet been exploited, and suggest that it should be laid down that not only are existing Concessions to be maintained, but that they may be renewed on their expiry.

It has been agreed that all existing Concessions are to be maintained. Should a Concession have remained unexploited, it will become a question for consideration whether the circumstances are such as to warrant His Majesty's Government in

* Printed separately.

[1741]

3 D

approaching the Persian Government with a view to its prolongation, but I do not consider that any special provision to this end is called for.

It is not easy to meet the objection that the renewal of duly exploited Concessions on their termination would be contrary to the spirit of the Agreement, and in view of the expression of opinion evoked from the Russian Government by the proposal to ask for an extension of the Concessions of the Indo-European Telegraph Department, it does not appear possible to insert a provision to this effect.

With regard to your further suggestion that some security should be obtained that the telegraph lines now being worked by British enterprise are not redeemed by purchase by the Persian Government in order to be transferred to other hands, I am of opinion that it would not be possible to ask the Russian Government to give such security, which would be worthless, owing to their inability to prevent such a transaction.

The question of the extension of the Indo-European Telegraph Department's contracts is at the present moment under discussion with the Russian Government, and it is hoped that a satisfactory solution may be arrived at.

You lay stress upon the importance of precluding the Russian Bank from obtaining a monopoly of the importation of silver, but this is not a question which can be dealt with in a Convention, since it is dependent on the Charter of the Imperial Bank of Persia. As, however, the latter has establishments both in the British and neutral zones, it would form a legitimate subject of discussion between the two Governments after the conclusion of the Agreement.

I entirely share your view as to the importance of maintaining in British hands the administration of the quarantine service in Southern Persia, but this is a question which is necessarily outside the scope of the present Convention. You are aware that the improvement of the service is now the subject of correspondence with the Government of India, and if a diplomatic discussion became necessary His Majesty's Government would be in a better position to pursue it with success if they were able to point to a thoroughly efficient service.

The clause which I have proposed as to the maintenance of the *status quo* in the Gulf will, however, it may be hoped, render such a negotiation unnecessary.

I am unable to share your view that the Agreement contains no formal and definite pledge as to the integrity and independence of Persia. The words of the Preamble are sufficiently clear and precise on this point, and the existing engagements on the subject, however informal may have been their nature originally, are now formally renewed and fortified by the fact that they are referred to in a Treaty.

You will observe that, in deference to your objections, the wording of the Preamble has been modified so as to avert the danger which you fear that the Persian Government will conclude that the British and Russian Governments are arrogating to themselves the right of maintaining order or establishing equal advantages for trade in the Shah's dominions.

There is, however, no question of the two Governments "acquiring exclusive Concessions in certain provinces," or of their claiming "the exclusive privilege of exploiting the assigned provinces," but merely of a self-denying ordinance on the part of each Power not to seek Concessions in the sphere of interest of the other, third parties being in no way excluded from seeking for Concessions throughout Persia.

As regards your observations as to Russian railway designs, I would merely point out that M. Lessar's projects date from some time back, and that in any case the "easy alignment towards the Gulf of Oman . . . via Kushan and Yezd" will be blocked by the interposition of the British zone.

The logical conclusion of your despatch is that His Majesty's Government should continue to pursue the same policy which they have followed in the past of attempting to support Persia against Russian advances.

It is a matter of opinion how far this policy has been successful, but, in any case, it entails the disadvantage of creating for this country responsibilities which might result in an obligation on our part to come, sooner or later, to the assistance of Persia by force.

I will not discuss here the means at the disposal of this country if such an alternative became necessary, but I am strongly of opinion that an endeavour should be made to avert such an issue and to arrive at a peaceful solution of this problem.

If, as you assume, Russia is a country with whom it is impossible to secure a lasting Agreement, or even an understanding, it might no doubt become necessary in any case to consider the possibility of forcible measures; but the conclusion of the present Agreement will place His Majesty's Government in a position to know

definitely when the moment for such action arrives, and His Majesty's Government would be on far stronger moral ground for resisting any attack which might be made upon their interests if they are able to appeal to the Treaty engagements of the Russian Government.

I am, &c.
(Signed) E. GREY.

[18925]

No. 236.

Foreign Office to India Office.

Sir,

Foreign Office, June 12, 1907.

WITH reference to previous correspondence respecting the proposed Anglo-Russian Agreement relative to Persia, I am directed by Secretary Sir E. Grey to transmit to you herewith a copy of a despatch from His Majesty's Ambassador at St. Petersburg inclosing a communication from the Russian Government respecting certain further amendments which they desire to introduce into the Preamble and Articles I to IV.*

I am to observe that the point numbered 1 in the inclosed *aide-mémoire* had already occurred to Sir E. Grey, and that in the counter-draft which was sent to Sir A. Nicolson on the 6th instant, copy of which is inclosed for convenience of reference,† the wording of the Preamble has been altered so as to meet the objection that Great Britain and Russia would appear to be arrogating to themselves the right to maintain order in Persia.

Sir E. Grey is of opinion with regard to 2 that it would not be desirable to omit the words relating to the establishment of equal advantages for the trade and industry of all nations. The omission in question would expose the Agreement to the charge of being designed with the object of reserving certain portions of Persia for exclusive exploitation by Great Britain and Russia, and would not fail to excite hostile criticism, not only in Persia, but in all countries other than the Contracting Parties, and especially in Germany, which have commercial relations with Persia.

The Russian objection to the words is partly based on the argument that they do not altogether conform to the terms of the Convention. By this is no doubt meant that a desire to establish equal opportunities of trade for all nations is not consistent with the provisions of Articles I and II, which specifically exclude Great Britain and Russia from seeking such opportunities in the sphere of the other. This objection could be met by substituting the words "all other nations" for "all nations," and Sir E. Grey would propose to put forward this suggestion to the Russian Government.

With regard to 3, Sir E. Grey sees no objection to the omission of the allusion to the injurious effect of friction between the two Powers.

As regards 4, Sir E. Grey considers that the reasons explained in Sir E. Grey's despatches, which rendered undesirable the termination of the Russian line at Kulshan would equally apply to the line being drawn, as now suggested by the Russian Government, within a few miles of the Afghan frontier. There would, however, appear to be no objection to inform the Russian Government that, if they consider it indispensable to maintain a sanitary station at Karez, His Majesty's Government will raise no objection to their doing so, provided that the Russian Government, on their part, take no steps to interfere with the existing arrangement whereby the quarantine system on the Persian Gulf is under British control.

Sir E. Grey is disposed to accept the alterations suggested under 5 and 6.

There is no objection to the remaining amendments proposed, which are of a verbal nature, and which, so far as they have not been anticipated in the inclosed draft Agreement, may be accepted by His Majesty's Government.

I am to state that, subject to Mr. Secretary Morley's concurrence, Sir E. Grey proposes to reply to Sir A. Nicolson, by telegraph, in the above sense.

I am, &c.
(Signed) LOUIS MALLET.

[18286]

No. 237.

Foreign Office to Messrs. Ellinger and Co.

Gentlemen,

Foreign Office, June 12, 1907.

I AM directed by Secretary Sir Edward Grey to inform you the Board of Trade have communicated to this Department your letter of the 30th ultimo, relative to the desire of the new Persian National Bank to appoint an agent in London.

I am to inform you, in reply, that the question is not one upon which His Majesty's Government can offer advice. They have no information as to the amount of the nominal capital of the new bank, and as Sir E. Grey understands that the necessary funds have not yet been subscribed, it would not appear that the bank has as yet any practical existence.

I am, &c.
(Signed) L. MALLET.

[19588]

No. 238.

Sir N. O'Connor to Sir Edward Grey.—(Received June 13.)

(No. 72.)

(Telegraphic.) P.

Constantinople, June 13, 1907.

TURCO-PERSIAN frontier.

Your telegram No. 59 of the 11th instant.

I have urged the Sublime Porte, and, through a high official who was sent to see me yesterday by the Sultan, also His Imperial Majesty, to refrain from any encroachments on Persian territory, and to-day similar representations will be made by my Russian colleague.

The condition of affairs being very disturbed throughout Persia, I impressed upon them that it was the more necessary to act with circumspection; the area of these disturbances would only be widened by any rash action on the part of Turkey, and they would probably eventually rebound upon Turkey herself, besides which a neighbouring Mohammedan country now in trouble would not forget an unfriendly policy.

In reply, the Porte stated that a Persian force from Pushti Kuh had attacked their troops near Mendali; that they themselves desired to preserve the *status quo*, and had no aggressive intentions; and that Pertab Pasha had been sent there to restore order.

For your confidential information, I would add that I think it probable, notwithstanding these assurances, that the Turks want to block the gap leading from Azerbeidjan via Passova into Turkey, as stated by Sir C. Spring-Rice in his telegram No. 144 of the 3rd instant. I doubt the efficacy of any diplomatic representations, if this be really their object.

[19685]

No. 239.

Sir A. Nicolson to Sir Edward Grey.—(Received June 14.)

(No. 94.)

(Telegraphic.) P.

St. Petersburg, June 14, 1907.

PERSIAN Agreement. Transfer of telegraph lines.

Minister for Foreign Affairs has sent me a Memorandum, inclosing a draft Arrangement dealing with the above subject. The general idea of the proposal is that control of Tehran-Meshed line should be handed over by us, but that our control of the Meshed-Seistan line should only commence in the neutral zone south of Russian sphere, at a point hereafter to be determined. Two commutators should be placed at the above-mentioned point—one English and one Russian—the latter to be linked up with the former.

The Russian argument is that British control should not be exercised in Russian sphere of interest, Russia being willing to admit that the sections of the Meshed-Seistan line which are in the British sphere should be under British control.

They propose that before Arrangement can come into force adhesion of Persian Government shall be obtained.

I will send the text by King's messenger next week.

[19514]

No. 237 A.

India Office to Foreign Office.—(Received June 13.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of inclosure in a letter from the Foreign Secretary to the Government of India, dated the 9th May, relative to an application for a loan on behalf of Shaukat, Governor of Kain, to enable him to repay the Russian Bank.

India Office, June 12, 1907.

Inclosure in No. 237 A.

Major Kennion to Government of India.

(Telegraphic.) P.

Birjand, April 30, 1907

FOLLOWING telegram has been sent by me to His Majesty's Minister, Tehran, and repeated to His Majesty's Consul-General, Khorassan:—

"Mustaufi, on behalf of Shaukat, has made an application for loan of 20,000 tomans to enable Shaukat to repay Russian Bank. Nails of Kain and Sunni Khana and five other wealthy merchants and officials have guaranteed repayment; and land, equivalent to value of the loan, is offered as security. Matter may be worth consideration of the Imperial Bank of Persia, as security is ample, whether Shaukat retains Governorship or not. You are best able to judge as to general expediency in such a matter, but I would point out that, if the bank is unwilling to advance the amount, a loan by Government on easy terms would have good local effect.

[19589]

No. 237 B.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 13.)

(No. 148.)

(Telegraphic.) P.

Gulahak, June 13, 1907.

THE Amin-es-Sultan says that negotiations are still proceeding with the German banker, who is still here. He does not, however, expect much from them.

With reference to my immediately preceding telegram of the 13th June, it would seem that the German Bank is not prepared to make an immediate advance, judging by the Amin's proposal to the Imperial Bank for a loan to the National Bank.

[19591]

No. 237 c.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 13.)

(No. 149.)

(Telegraphic.) P.

Gulahak, June 13, 1907

THE Persian Government profess alarm at hearing that the Amir is coming to Herat with 40,000 men, and ask the views of His Majesty's Government respecting the proposal to dispatch a Persian Delegate to the Amir, referred to in my telegram No. 115 of the 16th May last.

[19590]

No. 240.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 14.)

(No. 147.)

(Telegraphic.) P.

Gulahek, June 13, 1907.

THE Imperial Bank has received from his Highness the Amin-es-Sultan a proposal for an advance, which he says the Assembly would accept, viz., the bank to advance 200,000*l.* to the National Bank, which sum would then be handed over to the Assembly for the settlement of internal obligations up to date.

I at once informed my Russian colleague. I also replied that unless Russia joined you would not consent to this proposal.

The Manager of the Imperial Bank, to whom I have referred the matter, tells me that the proposition is inadmissible as a commercial one. The National Bank has no existence as yet, and there is no adequate security.

Proposal is merely a subterfuge in order that assent to foreign loan may be obtained from Assembly.

From two good sources I am meanwhile informed, though news is unconfirmed as yet, that a loan of 200,000*l.* to the Shah is being arranged in St. Petersburg by the Russian Financial Agent. Shares in the National Bank, which has recently applied to His Majesty for support, will then be taken by him to that amount. See my telegram No. 131 of the 30th ultimo.

The Amin may intend to provoke refusal by this proposal to us. He would thus justify hostile action against the Imperial Bank, as well as an application for assistance elsewhere.

I propose to answer him that if the Assembly authorizes Government to accept original Anglo-Russian offer, which still holds good, the guarantees for the proper expenditure of the money can be given to us by any means which he may choose.

[19706]

No. 241.

Admiralty to Foreign Office.—(Received June 15.)

THE Secretary of the Admiralty presents his compliments to the Under-Secretary of State for Foreign Affairs, and begs to transmit attached copy of a telegram of the 12th instant, which has been received from the Commander-in-chief, East Indies. It is requested that it may be stated whether the Secretary of State for Foreign Affairs, in view of events in Persia, sees any objection to authorizing the Commander-in-chief, East Indies, to dispose of the ships under his command at his discretion, or to proceed to Trincomali.

It may be observed that the three ships subsidized by the Indian Government must be within Indian waters, and that, unless affairs in Persia are pressing, there would not be a great loss of time if the Commander-in-chief were to be summoned from Trincomali rather than Colombo.

The latest disposition of the ships of the squadron is shown on the attached sheet.

Admiralty, June 14, 1907.

Inclosure 1 in No. 211.

Vice-Admiral Sir E. Poë to Admiralty.

(Telegraphic.)

June 12, 1907.

DOES the situation still prevent my departing for Trincomali or disposing of ships?

Inclosure 2 in No. 241.

*East Indies Station.**Disposition of Ships.*

"Hyacinth" (Commander-in-chief) at Colombo.
 "Highflyer" at Colombo.
 "Perseus" at Aden.
 "Proserpine" at Colombo.
 "Redbreast" at Bombay.
 "Lapwing" at Bushire.
 "Sphinx" at Muscat.

June 14, 1907.

[19808]

No. 242.

38

Sir N. O'Connor to Sir Edward Grey.—(Received June 17.)

(No. 347.)

Sir,

Therapia June, 12, 1907.

I HAVE the honour to inform you that His Majesty's Acting Consul-General at Bagdad telegraphs that reports have reached him of an attack which has been made by men under the jurisdiction of the Vali of Pushtikuh upon some Turkish troops on the Turco-Persian frontier between Mendeli and Badra. According to some reports 30, and to others 200, of the troops were killed. Pertev Pasha informed Major Ramsay that he was starting for Mendeli on the 8th instant.

Major Ramsay further states that merchants in Bagdad are countermanding their orders for Manchester goods owing to the disturbances in Persia. Reports have reached Bagdad that the Kurds are massing in large numbers on the frontier near Mendeli and Badra, but these rumours lack confirmation.

It appears that Major Ramsay has telegraphed the above information to His Majesty's Minister at Tehran.

I have not yet been able to ascertain whether my Russian colleague has any confirmation of this news, but I am calling the attention of the Porte to the subject and impressing upon them the importance, in view of the situation in Persia, of acting with great care so as not to precipitate a crisis in the neighbouring kingdom which might easily extend to Turkey itself.

I have, &c.
 (Signed) N. R. O'CONOR.

[20671]

No. 213.

Memorandum communicated by the Russian Ambassador, June 17, 1907.

MOUCHIR-UL-MULK, venu à Saint-Petersbourg en qualité d'Ambassadeur Extraordinaire, afin de notifier l'avènement au trône du nouveau Schah, a eu avec le Ministre des Affaires Etrangères une entrevue au cours de laquelle il a porté la conversation sur certaines questions qui semblaient le préoccuper, et notamment sur la situation intérieure de la Perse et sur le rôle que la Russie serait, selon lui, appelée à jouer dans cette crise.

Ce haut dignitaire Persan envisage la situation de façon plutôt optimiste et estime qu'elle n'est pas sans issue; il souhaite avant tout qu'un accord s'établisse entre le Gouvernement et la représentation nationale. Mouchir-ul-Mulk a émis à cette occasion le vœu que la Russie témoignât une nouvelle fois sa bienveillance envers la Perse en intervenant auprès du Gouvernement du Schah et en insistant par l'intermédiaire de son Ministre à Téhéran afin d'amener une entente avec le Medjlis. Trouvant cette démarche quelque peu insolite, le Ministre s'est cru astreint à beaucoup de prudence, et a répliqué que la Russie avait pour règle absolue de s'abstenir de toute intervention dans les affaires intérieures des autres pays lorsque nos intérêts n'étaient pas en jeu, et qu'il ne semblait pas possible de s'écarter de cette règle dans le cas

[19762]

No. 241 A.

Sir A. Nicolson to Sir Edward Grey.—(Received June 15.)

(No. 96.)

(Telegraphic.) P.

St. Petersburg, June 14, 1907.

PERSIAN Convention.

I propose Article V should run as follows:—

"In the event of irregularities occurring in amortization, or in the payment of interest of the Persian loans concluded with the Banque d'Escompte et des Prêts de Perse and with Imperial Bank of Persia up to date of signature of present Arrangement, and, in event of the necessity arising for Russia to establish control over sources of revenue which are affected to the regular service of loans concluded with first-named bank, and which are situated in the regions mentioned in Article II of the present Convention, or for Great Britain to establish control over sources of revenue which are affected to the regular service of the loans concluded with second-named bank, and which are situated in the regions mentioned in Article I of present Convention, the British and Russian Governments undertake to enter beforehand into a friendly exchange of ideas with a view to determine in agreement with each other the means of giving effect to the measures of control in question, and to avoid all interference which would not be in conformity with the principles governing the present Convention."

[19786]

No. 241 B.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 16.)

(No. 150.)

(Telegraphic.) P.

Gulahek, June 16, 1907.

A SERIOUS collision is possible at Kermanshah. The Consul telegraphs that the refugees now naturally refuse to leave, as the mob yesterday fired into the Consulate among them. It is possible that the attack was, with the knowledge of the Shah, encouraged by the Governor. I have demanded explanations from the Persian Government before evening, but have yet heard nothing from them. I am also explaining circumstances to the President of the Assembly.

The firing was directed not against English, but Persian party opponents. I have authorized Consul to transfer flag from Consulate to Bank if absolutely necessary. It might be difficult to withdraw from Kermanshah British subjects, of whom there are about six, with ladies and children.

It would be better to be prepared, and I think that secret naval orders might be given accordingly, in case redress or explanation is delayed by the Persian Government, as is possible.

[1741]

3 F*

[19998]

No. 243*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 17.)

(No. 151.)

(Telegraphic.) P.

Gulahek, June 17, 1907.

THE Persian Government have expressed profound regret for the firing on the Kermanshah Consulate referred to in my telegram No. 150 of the 16th June. The Governor has received very strong orders to prevent a repetition of the outrage, and to punish the guilty parties.

Government forces have been ordered to pursue the rebel Prince to the mountains, but he is not yet captured, and seems to have strengthened his position. Reinforcements from Tehran have refused to proceed unless paid, and have stopped on the way. Great depredations are being caused by both sides.

[1741]

3 E†

présent; mais que l'Ambassadeur ne pouvait ignorer que nos Représentants dans son pays n'avaient jamais manqué de donner, à titre privé, au Gouvernement du Schah des conseils de modération en vue de prévenir des conflits. Ensuite il aborda la question des négociations entre la Russie et le Gouvernement Britannique, question qui l'intéressait visiblement par-dessus le reste; elle préoccupe vivement, selon lui, les sphères gouvernementales de son pays, et, au cas de quelque fausse interprétation, serait de nature à influencer sur l'attitude générale de ses compatriotes vis-à-vis des étrangers.

La presse s'était tant occupée des négociations Anglo-Russes que la question de l'Ambassadeur ne causa aucune surprise à M. Isvolsky, qui s'empessa de saisir cette occasion pour établir le point de vue Russe.

Jusqu'ici, expliqua-t-il à son interlocuteur, chacune des deux Puissances Européennes luttait énergiquement en vue de prévenir la prépondérance de l'autre en Perse. Les Persans eux-mêmes alléguaient souvent l'impossibilité de résister tantôt à l'une, tantôt à l'autre, et un pareil état de choses ne pouvait donner d'heureux résultats. Dans ces conditions, la crise actuelle aurait pu présenter des dangers particuliers et amener des complications intérieures. Or, dans ce cas moins que jamais la Perse n'a eu à tenir compte de difficultés diplomatiques. Malgré leur situation de Puissances limitrophes et les préoccupations que leur causait la défense de leurs intérêts et de ceux de leurs nationaux, ni la Russie ni la Grande-Bretagne n'ont formulé aucune exigence, et le Gouvernement du Schah a pu ainsi se consacrer entièrement au règlement des questions intérieures. Les Persans ne peuvent douter que si l'affaire a pris pareille tournure, c'est dû surtout aux négociations entamées entre les deux Puissances. La Russie est exempte de toute arrière-pensée intéressée.

Ceci, continua le Ministre, est confirmé entre autres par notre attitude au sujet des besoins financiers de la Perse.

Non seulement la Russie n'a fait aucune tentative pour profiter des embarras financiers de l'Empire du Schah et pour lui offrir son appui à des conditions onéreuses, mais elle a, au contraire, témoigné du plus sincère désir de procurer à l'état ami les moyens de sortir de ces difficultés. En vue de cela le plus pratique eût été une assistance conjointe des deux Puissances Européennes pour chacune desquelles pareille combinaison écartait la possibilité de s'assurer des avantages exclusifs. Une nouvelle preuve de désintéressement se trouve dans le fait que lorsque cette proposition eut provoqué un désaccord entre le Gouvernement et le Medjlis concernant l'emprunt des Banques d'Escompte et de Schah-in-Schah, les deux Puissances, sans tenter aucune pression en vue de faire accepter leur offre, continuent à tenir à la disposition de la Perse le prêt consenti, et dont cette dernière Puissance pourra profiter aussitôt qu'un accord se sera établi entre les pouvoirs.

Très intéressée au développement de son commerce avec la Perse, la Russie souhaite vivement le règlement de la situation intérieure, le rétablissement de l'ordre dans ce pays et l'affermissement de son indépendance. Il est hors de doute que c'est à un sentiment analogue qu'a obéi également l'Angleterre en imprimant à sa politique sa direction actuelle. Un accord entre les deux Puissances Européennes, avec, pour base, la garantie de l'indépendance et l'intégrité de la Perse, semble devoir servir les intérêts de ce pays, qui, sous la double sauvegarde de ses puissants voisins, pourra consacrer toutes ses forces à son développement intérieur.

Après avoir exposé ce point de vue, le Ministre n'a pas cru pouvoir s'abstenir de faire allusion aux tentatives de l'Allemagne d'établir son influence en Perse. Il serait regrettable, expliqua-t-il à Mouchir-ul-Mulk, que la Perse ne se rendît pas bien compte de l'importance de la nouvelle situation politique et ne se bornât pas aux moyens résultant des considérations ci-dessus, moyens répondant amplement aux besoins du pays. Aucune autre voie ne saurait être suivie sans danger pour l'avenir de cet Empire, car la Russie et la Grande-Bretagne sont seules à même de se rendre exactement compte de ses besoins.

[19685]

No. 244.

Sir Edward Grey to Sir A. Nicolson.

(No. 82.)

(Telegraphic.) P.

Foreign Office, June 17, 1907.

TRANSFER of Persian telegraph lines.

I have received your telegram No. 94 of the 11th instant.

Russian Government should be informed by your Excellency that, the control

over the whole Meshed-Tehran line being now held by His Majesty's Government, the latter think that transfer must be complete, control of whole line from Meshed to Seistan being given them also.

[19762]

No. 245.

Sir Edward Grey to Sir A. Nicolson.

(No. 83.)

(Telegraphic.) P.

Foreign Office, June 17, 1907.

PERSIAN Convention.

In reply to your telegram No. 96 of the 14th instant, proposed wording of Article V has my approval, provided that words "which are" are inserted between the words "revenue" and "affected" in both passages where they occur.

[20144]

No. 246.

Admiralty to Foreign Office.—(Received June 18.)

(Confidential.)

Sir,

Admiralty, June 17, 1907.

WITH reference to your letter of the 17th instant, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, copy of a telegram dated to-day which has been sent to the Commander-in-chief, East Indies.

I am, &c.
(Signed) C I. THOMAS.

Inclosure in No. 246.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.) P.

Admiralty, June 17, 1907.

YOU may use your discretion as to leaving Colombo for Trincomali, or otherwise disposing of ships. Such disposition, however, must still leave you free to send ships at short notice to the Persian Gulf if required.

[19588]

No. 247.

Sir Edward Grey to Sir N. O'Connor.

(No. 62.)

(Telegraphic.) P.

Foreign Office, June 18, 1907.

TURCO-PERSIAN frontier. Your telegram No. 72 of the 13th instant.

In the opinion of His Majesty's Government, a serious danger is constituted by the Turkish encroachments on what is undoubtedly Persian territory and outside the frontier zone.

You should make earnest representations to the Ottoman Government in concert with your Russian colleague who has received instructions on the subject, and you should impress upon them that there should be no disturbance of the *status quo*.

In order to demonstrate the extent of Turkish encroachments, you can, if necessary, utilize the Turkish map of 1843.

[19432]

No. 248*.

*Foreign Office to India Office.**Foreign Office, June 18, 1907.*

Sir,
 WITH reference to previous correspondence respecting the attack on Lieutenant-Colonel Douglas and Captain Lorimer by the Direkwand Lurs, I am directed by Secretary Sir E. Grey to transmit herewith, for the information of Mr. Secretary Morley, copies of telegraphic correspondence with His Majesty's Minister at Tehran on the subject of the recovery from the Persian Government of 2,000*l.*, as compensation for the outrage.*

In view of the apparent inability of the latter to meet this claim, I am to inquire whether in Mr. Morley's opinion it would be desirable to recover the amount by withholding payment of the Jask royalty.

I am, &c.
 (Signed) LOUIS MALLET.

[18864]

No. 248.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 107.)

Foreign Office, June 18, 1907.

Sir,
 I HAVE received your despatch No. 105 of the 19th ultimo, relative to the levy of illegal taxes in Southern Persia, and I approve the terms of the note which you addressed to the Persian Government on the subject.

I am, &c.
 (Signed) E. GREY.

[20381]

No. 249.

The Persian Transport Company to Foreign Office.—(Received June 20.)

3, Salter's Hall Court, Cannon Street, London,
 June 18, 1907.

Sir,
 I HAVE the honour to reply to your letter of the 24th ultimo on the subject of the Dizful-Khoremabad route.

My Board is of opinion that the Ahwaz-Dizful-Khoremabad route is capable of being made the shortest, cheapest, and best route from the Persian Gulf not only to Hamadan and the important markets of Western Persia, of which that city is the distributing centre, but also to Tehran and Northern Persia.

The increase of Russian competition in Hamadan, and even Kermanshah, was noted by the writer in a trade report some four years ago, and my Board do not doubt that the opening of the Hamadan-Kasvin road must have encouraged the growth of that competition.

We have not hitherto been able to deal with this part of our Road Concession. Even the servants of the Persian Government have been robbed and murdered and its troops repeatedly chased out of the region, and the Prince Salar-ed-Dowleh is reported to be in open rebellion there at the present time. In a recent letter you agreed with us that the state of Luristan affords no hope that we can make progress at the present time with the Dizful-Khoremabad road.

We infer, however, from the tenor of the despatch under consideration that His Majesty's Minister in Tehran is of opinion that it is only a question of will, not power, which hinders the Persian Government from producing a state of order in this region, and that His Majesty's Government has not the means (suitable in the circumstances) to bring such pressure to bear on the Persian Government as would induce them to exert that will, but that the Mouin-el-Tejar has such means.

We venture to express a strong doubt as to the Mouin's ability in this direction. We have yet to learn that the Persian Government possesses the necessary resources to maintain order in the Luristan district, even with the best of will. We are at present ourselves finding the pay of guards, at the instance of His Majesty's Minister, for policing the Sultanabad road, which is in close connection with the great Persian centres; and if the Persian Government be unable to maintain order so close at home, we scarcely see how the Mouin could get them to maintain it among the fastnesses of the Luristan mountains.

Our knowledge of the Mouin-el-Tejar does not inspire confidence. We desire to avoid making any complaints, and to confine ourselves to ascertainable facts. Our Consular authorities have had great difficulty in preventing extortionate charges in connection with his tramway monopoly at Ahwaz. He has neglected his monopoly rights on the Upper Karun for many years, but wishes to assert them now that our exertions have established a small trade which may gradually develop. His recent Lower Karun steamer service has met with very qualified success, despite strenuous efforts to coerce native shippers into making use of it. He has just completed an arrangement with the German Hamburg America Line to ship all their Ahwaz cargo by his steamer. He is known to be intimately connected with the Sani-ed-Dowleh, a person of pronounced German sympathies. His latest efforts have been directed to picking a hole in our Road Concession with a view to quash our traffic rights.

The National Assembly, through which the Mouin professes to be able to act on the Persian Government, has not yet shown, in our judgment, either stability or evidence of capacity for collective government. In any case, my Board could not

undertake to obtain funds for an enterprise to be placed under the control of a Persian or a Persian Syndicate, for our experience is that such combinations, even with good intentions, of which we are not in this case satisfied, have not the capacity to carry large operations to a successful issue. We instance the Bakhtiari road, where commercial interests are being starved in order that the proprietors may reap immediate large profits, which would be doubled or trebled to them in a few years by wise expenditure now of some small part of their gains.

The Karun route to the interior of Persia is at present in British hands. The proposal under consideration appears to us to be equivalent to locking the gate of that route and handing the key to the Mouin. We fear he would soon put it up to auction.

We are willing—anxious—to come to terms with the Mouin, but our object is to buy anything of value he has to offer, or to welcome his co-operation in our work. But if it is proposed to us to sell, we would suggest that we would do better to address ourselves direct to a Russian or a German group.

We would suggest that the defence of our commercial interests, independent of their political value in maintaining British prestige in Southern Persia, justifies very considerable diplomatic pressure to induce the Persian Government to secure the safety of our route to the markets of Hemadan and Sultanabad, in which British trade is interested to the extent of quite 1,000,000% annually. Russia has sunk many hundreds of thousands of pounds in road construction in Northern Persia, which, however wastefully spent, must produce some effect on the distribution of trade. We fear that His Majesty's Government must either accept that situation or help to provide the means necessary to rectify it in the interests of our commerce.

I have, &c.
(Signed) H. W. MACLEAN.

[20434]

No. 250.

India Office to Foreign Office.—(Received June 20.)

Sir,

India Office, June 19, 1907.

I AM directed to acknowledge the receipt of your letter of the 12th instant, respecting certain further amendments which the Russian Government wish to see introduced in the Preamble, and Articles 1 to 4 of the proposed Agreement relative to Persia.

The most important of these is the proposed modification of the line of the Russian zone between Kakhk and the Afghan frontier. Mr. Morley agrees that the difficulty will best be met in the manner proposed by the Secretary of State for Foreign Affairs, viz., by maintaining the straight line between Kakhk and the frontier, while agreeing to the continuance of the Russian sanitary post at Karez, if the Russian Government consider this indispensable, on condition that they engage to take no steps to interfere with the present quarantine system in the Gulf under British control.

But the maintenance by Russia of an isolated post at Karez in the neutral zone will be such an anomaly that Mr. Morley thinks that, in return for our acceptance of the arrangement, we might request not only a pledge as to the quarantine system in the Gulf, but a recognition by the Russian Government of the principle that the maintenance of existing Concessions under Article 3 covers their renewal, at any rate so far as the contracts of the Indo-European Telegraph Department, which expire in 1925, are concerned. Stress was laid on the importance of this point in my letter of the 8th instant.

As regards the question of the Russian Government that the last words of the first clause of the Preamble relating to the establishment of equal advantages for trade and industry should be omitted, Mr. Morley thinks it important that the principle of the "open door" should be recorded in the Agreement. He sees no objection to the modification of the words in question proposed by Sir E. Grey.

As regards the other points mentioned in your letter under reply, I am to say that Mr. Morley agrees in the views expressed by Sir E. Grey.

I am, &c.
(Signed) A. GODLEY.

[20441]

No. 252*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 20.)

(No. 152.)

(Telegraphic.) P.

Gulahek, June 20, 1907.

THE Salar-ed-Dowleh has arrived with a single sowar at His Majesty's Consulate Kermanshah. Consul reports that His Imperial Highness says that he will leave Persia on receiving an assurance of safety for his family and property. I have not yet received a reply from the Persian Government, whom I have informed.

[20435]

No. 251.

India Office to Foreign Office.—(Received June 20.)

Sir,

India Office, June 19, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter of the 13th instant as to the explanations to be given, if they are asked for, to the Russian Government by His Majesty's Ambassador at St. Petersburg, regarding the words in the counter-draft of the proposed Agreement as to Persia, referring to the maintenance of the *status quo* in the Persian Gulf.

In reply, I am to say that Mr. Morley concurs in the terms of the telegram which the Secretary of State for Foreign Affairs proposes to send to Sir A. Nicolson on the subject.

I am, &c.
(Signed) A. GODLEY.

[20436]

No. 252.

India Office to Foreign Office.—(Received June 20.)

Sir,

India Office, June 19, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter, dated the 15th instant, regarding the question raised by the Persian Government of sending a Persian Delegate to congratulate the Ameer of Afghanistan on his expected arrival at Herat, and, in reply, to express his concurrence in the instructions which Secretary Sir E. Grey proposes to send to His Majesty's Minister at Tehran.

A copy of a telegram from the Viceroy, which has been repeated to Tehran, is inclosed, giving details of the Ameer's escort during his visit to Herat.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 252.

Government of India to Mr. Morley.

(Telegraphic.) P.

June 17, 1907.

SEE telegram dated the 13th instant from His Majesty's Minister at Tehran.

We concur in Minister's opinion as to undesirability of Persian Government Delegate to Herat. Ameer is not likely, so far as we are aware, to take more than his present escort, viz., 800 sowars and one battery, to Herat.

(Repeated to His Majesty's Minister at Tehran.)

[19336]

No. 253.

Sir Edward Grey to Sir A. Nicolson.

(No. 88.)

(Telegraphic.) P.

Foreign Office, June 20, 1907.

PERSIAN Convention: Your telegram No. 92 of the 11th instant.

Further instructions as to our and Russian amendments to text will be sent to you shortly, but meanwhile you should be careful not to enter upon any explanations unless asked, and in that case you should say that His Majesty's Government are opposed to any change affecting their special position in the Persian Gulf, though they are in favour of equal opportunities for the trade of all nations in those regions, and you might quote Lord Lansdowne's declaration of the 5th May, 1903.

[20436]

No. 254.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 75.)

(Telegraphic.) P.

Foreign Office, June 20, 1907.

PERSIAN Delegation to meet Ameer.

Your telegram No. 149 of the 13th instant has been received.

Answer which you have already given (see your telegram No. 118) should be repeated with the addition that the dispatch of a Delegate would be deprecated strongly by His Majesty's Government.

[20502]

No. 255.

*India Office to Foreign Office.—(Received June 21.)**India Office, June 19, 1907.*

Sir,

WITH reference to your letter, dated the 22nd ultimo, on the subject of the alternative proposals put forward by His Majesty's Minister at Tehran regarding the Kuh-i-Malik Siah telegraph extension, I am directed by Mr. Secretary Morley to inclose, for the information of the Secretary of State for Foreign Affairs, copy of telegraphic correspondence with the Government of India on the subject, together with copy of a Memorandum by the Director-in-chief of the Indo-European Telegraph Department.

Mr. Morley agrees in the views expressed by Mr. Kirk, and would suggest, for the consideration of Sir E. Grey, that His Majesty's Minister at Tehran should be instructed to approach the Persian Government on the lines indicated in the third paragraph of the Memorandum. Mr. Morley would call special attention to the condition that the offer should be subject to a pledge that the control of the line will never be made over to any foreign Government or Company other than British, and that none but Persian and British employes will be allowed on the line and in its offices.

As regards the question of expenditure, Mr. Morley considers that if, as suggested in Sir C. Spring-Rice's telegram of the 9th ultimo, the material now lying at Robat should eventually be handed over to the Persian Government at less than the rate list value, the loss on the transaction should be divided between the British and Indian exchequers. But, the stores being already at Robat, he would not make any claim on the British exchequer in respect of the cost of their carriage to that place.

I am, &c.

(Signed) A. GODLEY.

Inclosure 1 in No. 255.

*Mr. Morley to Government of India.**India Office, May 23, 1907.*

(Telegraphic.) P.

I SHOULD be glad to know whether you would be prepared to allow material for Kuh-i-Malik Siah telegraph extension to be taken over at rate list price, exclusive of cost of carriage to Robat and other charges, for purpose indicated in telegram of the 9th instant from His Majesty's Minister at Tehran. Transfer at a reduced price might be considered later if Indian material is considered too expensive by Persian Telegraph Administration.

Inclosure 2 in No. 255.

*Government of India to Mr. Morley.**May 29, 1907.*

(Telegraphic.) P.

YOUR telegram dated the 23rd instant.

Cost of carriage of telegraph material now at Robat to that place was 1,04,223 rupees; rate of list value is 36,250 rupees. Cost of transport is integral part of value of materials, as conveyance to spot of suitable materials at present

time would, we presume, cost Persian Government almost as much. We see no reason why material should be given at less than cost price if Government of India is not to construct line and we are not to have any special rights over it. Following might be one solution :—

Our materials should be taken over at cost price plus carriage by Indo-European Department, the sum being added, on the terms of the line, to the cost of the Central Persian line. We trust that, if this is done, Robat-Nasratabad link will not be included in arrangements of the joint purse, as commercial value to India of Robat-Meshed line would be impaired thereby.

If above solution is not possible, we will agree, if His Majesty's Government so desire, to sell material, less cost of carriage, to Persia, but we trust that half of loss will be borne by His Majesty's Government. We might then endeavour to obtain pledge from Persian Government that none but Persian or British employes will be allowed on line, and that line will never be made over to any foreign Government or Company other than British.

(Repeated to His Majesty's Minister at Tehran.)

[20509]

No. 256.

Imperial Bank of Persia to Foreign Office.—(Received June 21.)

Sir,

25, Abchurch Lane, June 20, 1907.

I HAVE the honour, by direction of the Board of the Imperial Bank of Persia, to forward for your information and that of the Secretary of State a Memorandum which has been drawn up by the Finance Committee of the Bank, together with a statement of the indebtedness of the Persian Government at 20th March last, and, for ready reference, copies of the correspondence mentioned in the Finance Committee's Memorandum above referred to, the important nature of which will doubtless secure for it the serious attention of His Majesty's Government in accordance with the assurance contained in Sir Eldon Gorst's letter of the 3rd March, 1906.

I have, &c.

(Signed) G. NEWELL, Manager.

Inclosure 1 in No. 256.

Memorandum communicated by Finance Committee to the Board of Directors of the Imperial Bank of Persia.

THE position existing in Persia causes us to view with grave concern the continued neglect of the Persian Government to liquidate its long past due obligations to our Bank.

The personal indebtedness of the late Shah and his Government in our opinion calls for the immediate intervention and active support of His Majesty's Government, without which our manager in Tehran is helpless. With this object we suggest that the Foreign Office should again be approached and reminded of the position which has been so fully and clearly placed before them in the file of letters from this office dated the 5th, 12th, 19th, 20th, and 26th April, 1905, their reply of 10th and 17th *idem* and 6th May, ours of 15th June to Sir T. Sanderson, 15th July to Sir Arthur Hardinge, Tehran (with copy of Sir Arthur's letter of 13th June), 11th January, 1906, 1st and 10th March and reply of 3rd *idem*, 15th June to Sir Charles Hardinge and his reply of 2nd July, ours of 19th and 29th September and 16th January, 1907, and other letters. Hitherto the Directors have been put off by the Persian Government with indefinite promises which have not been realized.

The position of the Bank, as shown in the balance-sheet issued to shareholders, is a strong one so long as we can rely upon the loans made to the Persian Government being properly secured. But in our opinion it will not be prudent, nor, indeed, would the Board be justified to go on paying dividends in gold to their shareholders while the loans themselves are being added to by the piling up of interest due thereon, and no definite and binding arrangement made for the payment of same, as also the Shah's overdue promissory note and the excess of advance over the amounts authorized under the Bank's Concession. A clear understanding as to this should be come to by the

[1741]

Board before our next General Meeting of shareholders in December next, for should the Directors then find themselves compelled, as a precautionary measure, to suspend payment of dividends, such a course would prove so damaging to the credit of the Persian Government as to render remote the possibility of its obtaining further financial assistance in the London market.

Our advices from Tehran show that the Russian Bank, up to January last, has regularly received the interest due upon its loans. It appears to us therefore that, were firm pressure now exercised by His Majesty's Government, arrangements could be made for the British Bank to be treated with like consideration out of the revenues of the southern custom-houses. We do not suggest that the arrangements should be such as to unduly inconvenience the Persian Government, but relying upon that full measure of diplomatic support which has from time to time been promised to the Bank by His Majesty's Government, we do feel concerned that some definite settlement should now be arrived at, especially at a time when the German Bank is so active in striving to secure a position which may prove detrimental to our prior and legitimate claims upon the Persian Government.

In making this reference to the Germans we desire to be understood that we are by no means hostile to German or any other foreign commercial enterprise in Persia, but we do insist that the Persian Government should not be permitted to pledge any of its available security to any one so long as the liability to the State Bank exercising its functions under a charter granted by the British Government remains unsatisfied.

We venture to think the difficulties with which the Bank's enterprise has to contend possess more than a retrospective interest, and is therefore deserving of the most energetic support of His Majesty's Government.

(Signed)

T. JACKSON.
GEORGE S. MACKENZIE.
T. E. GORDON.

June 13, 1907.

Inclosure 2 in No. 256.

Statement respecting Persian Government Debt, March 20, 1907.

| | | | | | | Tomans. |
|---|----|----|----|----------|----|-----------|
| Persian Government Advances, 1901 | .. | .. | .. | .. | .. | 1,263,308 |
| General Treasury, Han-il (1905-6) | .. | .. | .. | .. | .. | 191,876 |
| " " Loui-il (1904-5) | .. | .. | .. | .. | .. | 612,959 |
| " " Yount-il (1906-7) | .. | .. | .. | .. | .. | 8,186 |
| " Postes Persanes," account " Mandats Postes" .. | .. | .. | .. | .. | .. | 3,413 |
| Special guarantee to part of Amin-i-Zarb's debt.. | .. | .. | .. | .. | .. | 206,159 |
| Acceptances of Customs discounted for Navyeb-es-Saltaneh | .. | .. | .. | .. | .. | 50,540 |
| | | | | | | 2,336,441 |
| Sundry accounts with credit balances | .. | .. | .. | .. | .. | 177,708 |
| | | | | | | 2,158,733 |
| | | | | | | £ |
| | | | | At 52½ = | | 411,187 |
| | | | | £ | | |
| Cost of bar silver purchased in 1905, out-standing in London office books | | | | 104,399 | | |
| Less proceeds standing to credit of Government in Tehran, 545,979 tomans | | | | 103,996 | | |
| at 52½ | .. | .. | .. | .. | .. | 403 |
| | | | | | | 411,590 |
| Concession limit | .. | .. | .. | .. | .. | 216,666 |
| Excess over Concession limit | .. | .. | .. | .. | .. | 194,924 |

[20434]

No. 257.

Sir Edward Grey to Sir A. Nicolson.

(No. 89.)

(Telegraphic.) P.

Foreign Office, June 21, 1907.

PERSIAN Convention.

I have received your Excellency's despatch No. 306 of the 6th instant.

As regards the preamble, we wish the words "aussi bien que . . . nations" retained.

Their omission might seem to reserve parts of Persia for exploitation exclusively by Russia and Great Britain, and thereby the Convention would be exposed to criticism both in Persia and also in every country which has commercial dealings with Persia, more especially the German Empire. By Articles I and II Russia and Great Britain are specifically prevented from seeking Concessions, &c., in the other country's sphere. In order, therefore, to make the preamble consistent with these Articles, we propose to replace the words "toutes les nations" by the expression "toutes les autres nations."

We are willing that the words "constatant . . . entre eux-mêmes" be omitted.

In my despatch No. 225 of the 6th instant I inclosed our draft, which meets the remaining objections, but if M. Isvolsky is insistent we are prepared to adopt the Russian text.

As regards Article I, the change in Russian line as proposed cannot be accepted, as it would bring line too near to frontier of Afghanistan. Same objections can be urged against proposed change as against original proposal—that terminal point of line should be at Kuhsan (please refer on this subject to my telegram No. 20 of the 8th March of this year).

Criticism of a hostile nature would most assuredly be excited in this country by the compromise which the Russian Government now propose, and an atmosphere would thereby be created unfavourable to the Agreement. It is to the general interest to avoid such things.

Nevertheless, you may state that, if maintenance of Karez sanitary station is considered indispensable by Russian Government, no objection will be raised by us if Imperial Government, on their part, agree not to disturb present arrangement, which places under British control the quarantine on Persian Gulf.

As regards Articles II, III, IV, amendments proposed by Russian Government appear to be unobjectionable.

You should communicate to Russian Government (when you inform them of our views respecting their amendments) our amendments also, which I suggested in my despatch No. 225. We attach much importance to them, and especially to those in which maintenance of *status quo* in Persian Gulf is alluded to and the line from Kakh to intersection of Russian and Afghan frontiers is defined.

We agree with your text of Article V, which has been received. "Servant de base à" appears to us to be correctly translated by word "governing."

[20651]

No. 258.

Sir Edward Grey to Sir A. Nicolson.

(No. 90.)

(Telegraphic.) P.

Foreign Office, June 21, 1907.

YOUR despatch No. 287: Renewal of Telegraph Concessions.

We still maintain in principle the view always held by us that the maintenance of existing Concessions provided for in Article III of the Persian draft Convention implies their renewal if the Persian Government agree.

You can, however, propose, while explaining the above view clearly, to the Russian Government that, as a solution of the present difficulty, in return for a surrender to them of our rights over the Tehran-Khanikin line, they should not object to the renewal of our Telegraph Concessions. You should also explain that the German Government would probably endeavour, on the expiry of our Telegraph Concessions, to obtain control of the telegraph line from Khanikin to Tehran, and eventually to the Indian frontier.

You should further propose to the Russian Government, in order to avoid complications which might arise from introducing into the discussions on the draft

Convention questions relating to telegraph lines, that, if they have no objection to such a course, Count Benckendorff might be authorized to conduct the negotiations respecting telegraph questions in London instead of their being carried on at St. Petersburg. They would be conducted concurrently with those respecting the draft Convention at St. Petersburg with a view to the simultaneous conclusion of both.

[21053]

No. 259.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 111.)

Sir,

Foreign Office, June 21, 1907.

THE Mushir-ul-Mulk came to see me to-day.

On my saying that affairs in Persia seemed to be in an interesting condition, and that it was to be hoped an accord would be reached between the Shah and the Madjliss and all parties, the Mushir-ul-Mulk said this was very desirable, but impressed upon me with great emphasis that time would be necessary for it.

He told me that he had had a very interesting conversation with M. Isvolsky at St. Petersburg. The conversation had been very satisfactory, for it had brought out two points: that Russia did not intend to intervene in Persian affairs unless the interests of her subjects were attacked, and that the negotiations between England and Russia were not directed against the integrity and independence of Persia. The Mushir-ul-Mulk said that public opinion in Persia had been anxious on this point, and it was very desirable that it should be reassured.

I said I agreed entirely with what M. Isvolsky had said. Hitherto there had been a struggle between Russia and England, each trying to prevent the preponderance of the other in Persia. Had that struggle continued during the present uncertainty in Persia, there would have been a great temptation for one of us to intervene in Persian affairs, in order to prevent the other from taking advantage of the situation, or to gain an advantage at the other's expense. The object of the present negotiations between Russia and England was to prevent difficulties arising between ourselves, and the negotiations were not in any way directed against Persia.

The Mushir-ul-Mulk said that there was an idea that England and Russia were dividing Persia into spheres of influence.

I told him this was not a correct impression. It would be more correct to say that the Agreement at which we desired to arrive was one by which we should not push our influence in those parts of Persia which bordered on the frontiers of each other.

The Mushir-ul-Mulk asked whether an *entente* had been concluded.

I said none had been concluded. But we acted from day to day in agreement with Russia as circumstances arose, and were still exchanging views as to what might be a permanent Agreement.

He told me that Persia had a special Arrangement with Russia on the question of railways. It was said that we had addressed a note to Russia specially on the subject of railways, and had received no reply.

I said there had been no special negotiations between us, and no special note, with regard to railways. There was no doubt, however, that if an Arrangement was come to between us on general lines, we should not ask for Railway Concessions which would be to the disadvantage of each other.

The Mushir-ul-Mulk said that the two things which must be arranged in Persia were finance and education. Finance was very important.

I said I realized the importance of this, but it would be necessary for the Persian Government to have an understanding with the Madjliss in order to arrange finance.

The Mushir-ul-Mulk said this was so, and again impressed upon me that time would be necessary to bring about such an understanding.

I am, &c.
(Signed) E. GREY.

[20687]

No. 261 A.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 22.)

(No. 153.)

(Telegraphic.) P.

Gulahek, June 22, 1907.

PROMOTERS of the National Bank have requested the French Minister for a French financier, who would advise with a view to eventual financial assistance.

The Persian Government is being very strongly pressed for extensive concessions by the German Minister, who wants a German appointed National Bank Director.

The Amin-es-Sultan and the Russian Minister are favourable, and the French Minister proposes to recommend his Government to comply.

The National Bank, in return for financial assistance in the form of consolidation loan, might possibly admit that some branches of State revenue should be subject to foreign financial control.

Above is confidential.

[20688]

No. 261 B.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 22.)

(No. 154.)

(Telegraphic.) P.

Gulahek, June 22, 1907.

I LEARN from the Atabeg that the Governor of Hamadan, who was sent to arrange matters at Kermanshah, has induced the refugees to leave the Consulate, and that an official expression of regret has been tendered by the Governor of Kermanshah.

The Salar-ed-Dowleh still remains, and the Persian Government will give him a safe conduct to the frontier.

I have instructed Captain Haworth to warn His Imperial Highness that he must leave the Consulate, since a man who has been in open rebellion cannot look for the protection of His Majesty's Government.

[1741]

3 H*

[20651]

No. 260.

India Office to Foreign Office.—(Received June 22.)

Sir,

India Office, June 21, 1907.

IN reply to your letter of the 19th instant, I am directed to state that Mr. Secretary Morley concurs in the terms of the instructions which the Secretary of State for Foreign Affairs proposes to address to His Majesty's Ambassador at St Petersburg on the question of the renewal of the contracts of the Indo-European Telegraph Department which expire in 1925.

I am, &c.
(Signed) A. GODLEY.

[20625]

No. 261.

India Office to Foreign Office.—(Received June 22.)

Sir,

India Office, June 21, 1907.

IN reply to your letter of the 20th instant, I am directed by Mr. Secretary Morley to state that he concurs in the terms of the telegram which the Secretary of State for Foreign Affairs proposes to send to His Majesty's Minister at Tehran on the subject of the reply to be returned to the suggestion of the Persian Government that an advance of 200,000*l.* should be made by the Imperial Bank of Persia to the National Bank for the settlement through the Assembly of the internal obligations of the Persian Government.

I am, &c.
(Signed) A. GODLEY.

[19590]

No. 262.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 76.)

(Telegraphic.) P.

Foreign Office, June 22, 1907.

THE action taken by you and reply which you propose to return to Amin-es-Sultan, as reported in your telegram No. 147 of the 13th June, have my approval.

[20715]

No. 263.

Sir A. Nicolson to Sir Edward Grey.—(Received June 24.)

(No. 317.)

Sir,

St. Petersburg, June 14, 1907.

I HAVE the honour to transmit herewith copies of two documents which M. Isvolsky sent to me yesterday in regard to the transfer of the control over the two telegraph lines between Tehran and Meshed and between the latter place and Nasratabad.

I think that it would be better that I should refrain from discussing the matter with M. Isvolsky until you have had an opportunity of examining the proposal, and the views of the Russian Government are stated very clearly in the Memorandum.

I have, &c.
(Signed) A. NICOLSON.

Inclosure 1 in No. 263.

Memorandum communicated by M. Isvolsky to Sir A. Nicolson, June 13, 1907.

LES négociations en cours entre la Grande-Bretagne et la Russie au sujet des affaires Persanes sont actuellement à la veille d'aboutir à la conclusion d'un Accord également satisfaisant pour les intérêts des deux pays. Le principe qui a été choisi comme base de cet Accord est celui de la délimitation des sphères d'intérêts respectives

[1741]

3 H

dans l'Iran. Ce principe a pour but de prévenir toute collision d'intérêts entre ces deux pays et d'éviter à l'avenir des cas de friction également nuisibles pour les deux parties.

Or, une fois ce principe admis, il est évident que pour en obtenir les résultats qu'on en attend, il est indispensable de l'observer aussi rigoureusement que possible.

Il ne serait, en conséquence, que naturel d'appliquer ce même principe à la question de l'échange des lignes télégraphiques Méched-Seistan et Méched-Téhéran. En ce cas, les sections de ces lignes situées dans la sphère d'intérêts Anglais reviendraient à la Grande-Bretagne, et les sections situées dans la sphère d'intérêts Russes à la Russie. Si le Gouvernement Anglais voulait admettre la justesse de cette argumentation, le Ministère Impérial proposerait de conclure un Arrangement spécial dont le texte, en projet, se trouve ci-joint.

Comme la réalisation de ce projet implique des pourparlers avec le Gouvernement du Schah, dont l'adhésion semble être nécessaire, l'Arrangement en question n'entrerait en vigueur qu'à partir du moment où les deux Parties Contractantes auraient acquis de fait la possibilité d'exercer les droits qui leur sont réservés par les dispositions de cet Accord.

Inclosure 2 in No. 263.

Draft Arrangement respecting Meshed-Seistan and Meshed-Tehran Telegraph Lines.

LE télégraphe de Téhéran-Méched, rentrant en entier dans la zone mentionnée dans l'Article I de la Convention sur les affaires de Perse, passera dans le ressort de l'Administration Russe aux mêmes conditions auxquelles il se trouve actuellement dans le ressort de l'Administration Anglaise.

2. Vu qu'une partie du télégraphe Méched-Seistan traverse la zone susmentionnée, cette ligne est divisée en deux sections à un point se trouvant dans la zone neutre, point à déterminer d'un commun accord; la section au nord de ce point ressortit de l'Administration Russe et la section au sud du même point ressortit de l'Administration Anglaise, aux mêmes conditions, en ce qui regarde les deux sections de la ligne, auxquelles le télégraphe se trouve actuellement dans le ressort de l'Administration Russe.

3. Vu qu'un régime mixte sur une ligne télégraphique présente, ainsi que le démontre la pratique, de nombreux désavantages, deux commutateurs seront placés dans le point susmentionné, l'un pour le fil Russe et l'autre pour le fil Anglais. Afin d'éviter des retards dans le service des télégrammes, vu que la ligne une et entière de Méched à Seistan est ainsi divisée en deux lignes distinctes et indépendantes, le commutateur Russe pourra être relié au commutateur Anglais, ainsi que cela se fait habituellement aux stations frontières des lignes télégraphiques internationales.

4. Tous les droits, obligations et dépenses en ce qui regarde l'entretien, l'inspection, le contrôle, et les réparations des lignes se trouvant du ressort de l'Administration Russe incomberont à la Russie, et de celles se trouvant du ressort de l'Administration Anglaise à l'Angleterre. Il va de soi qu'il ne s'agit que de la somme de droits, obligations et dépenses qui reviennent actuellement à l'Angleterre ou à la Russie sur les lignes respectives de Méched-Téhéran et Méched-Seistan.

[20971]

No. 261.

Sir A. Nicolson to Sir Edward Grey.—(Received June 24.)

(No. 106. Confidential.)

(Telegraphic.) P.

St. Petersburg, June 24, 1907.

PERSIAN Convention.

Your despatch No. 225 and telegram No. 89 of the 21st instant.

I communicated to M. Isvolsky to-day proposed amendments in Persian draft Convention.

As to clause relative to Great Britain's special interest in the maintenance of the *status quo* in the Persian Gulf, his Excellency expressed the gravest possible doubts that its insertion in the preamble could be accepted by the Russian Government. It was introducing into the Agreement, he observed, at a very late hour a question which enlarged its scope beyond those limits originally laid down and hitherto scrupulously

[20689]

No. 264 A.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 24.)

(No. 155.)

(Telegraphic.) P.

Gulahek, June 23, 1907.

THE Amin-es-Sultan has given me a formal assurance of the safety of the Salar-ed-Dowleh, who has been handed over to the Governor of Hamadan. The Governor can be relied on. The assurance was, moreover, given in the name of the Shah, and has been confirmed by the Minister for Foreign Affairs.

[20962]

No. 264 B.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 24.)

(No. 156.)

(Telegraphic.) P.

Gulahek, June 24, 1907.

WITH respect to Persian finances, I hear confidentially that a friendly reply to the German Banker will be made by the Ministers, to the effect that demands for concessions must be submitted to the Assembly, although the Persian Government will not the establishment of the Bank with pleasure. The Assembly are unlikely to consent to the concessions asked for, which are: right to share in any concession granted to foreigners; to exploit all mines now worked by the State; free land for bank buildings and right of mortgage. There is as yet no question of a loan.

The French Minister will be at once invited to obtain the services of a French financier.

Ministers are asked by the Assembly to request the consent of the English and Russian Governments to the suspension for three years of the sinking fund payments.

[20964]

No. 264 C.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 24.)

(No. 157.)

(Telegraphic.) P.

Gulahek, June 24, 1907.

LABAREE murder.

The tribes implicated in the murder are to be punished by an expedition which is leaving Urmia for Kurdistan.

[20965]

No. 264 D.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 24.)

(No. 158.)

(Telegraphic.) P.

Gulahek, June 24, 1907.

PERSIAN delegate to the Amir.

With reference to your telegram No. 75 of the 20th June, the Ala-es-Sultaneh states that the proposal to dispatch delegate has been abandoned by the Persian Government.

[1741]

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observed, and one which concerned several other Powers, and not Great Britain and Russia alone. As previously drawn up the Convention had touched on matters which only concerned these two Powers, and no points had been raised in it which might justify other Powers in considering their interests affected or to which they could take exception. Personally he did not deny the special interests of Great Britain in the Gulf. That was, however, not the point. The main object of our Convention was the removal of all causes of friction between the respective Powers, and into this we desired to introduce a clause which opened a question in which other Powers might consider themselves interested.

He feared that this might produce an embarrassing situation. He gave me to understand that, if His Majesty's Government considered the matter such an important one, the proposal should have been put forward before, and not have been suggested at the last moment; but now it came as a surprise to him.

I saw, in short, that our proposal greatly disturbed him, and that he fears difficulties being created with third Powers. I did not succeed in shaking his opinion, though I, of course, argued with him, and I think that his objections to the proposal will be greater the more he reflects upon it. He is anxious to keep the question of the Gulf entirely out of our negotiations, and on similar grounds he demurred to the mention of our control over quarantine in the Gulf.

He was, he said, most anxious to delay as little as possible the signature of the Conventions, and mentioned the 2nd (15th) July as the date he desired to sign them. He impressed upon me the dangers of delay, the risks of which he was most positive about, and he was much distressed at the discussions being prolonged, and the whole arrangement being perhaps imperilled by the raising of fresh questions, and I imagine that pressure is being brought to bear against the conclusion of our Agreements.

He hoped to give me very shortly replies on both Afghan and Persian questions, but when I suggested that by taking them home with me and discussing them personally with you matters might be expedited, he begged me to stay here and hasten the conclusion, and not to leave St. Petersburg. Berlin is, I gathered, causing him uneasiness, and in certain circles he has, I understand, to meet active opposition here.

His observations were made very seriously, and should, I submit, be given due weight. We have, it seems to me, a good defence against all criticisms, and have gained all that is essential, and, I confess, more than I anticipated. We might, I think, successfully insist on the Russian line running from Kakh direct to a point near the intersection of the Afghan and Russian frontiers; but we might leave out the clause regarding the *status quo* and give way as to complete control over the Meshed-Seistan telegraph line.

It would assist in expediting matters if an early reply to this telegram might be sent me.

[18869]

No. 265.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 108.)

Sir,

Foreign Office, June 24, 1907.

I HAVE received your despatch No. 110 of the 21st ultimo, relative to the position and probable policy of the Amin-es-Sultan.

I approve the language held by you in a conversation with his Highness, as reported in your despatch.

The terms of your private letters to his Highness of the 17th ultimo, in which you offer to transmit a telegram from the Azerbaijan Deputies to the Assembly at Tabreez, and a message from His Majesty the Shah to the Salar-ed-Dowleh, are also approved.

I am, &c.
(Signed) E. GREY.

[18858]

No. 266.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 109.)

Foreign Office, June 24, 1907.

Sir,

I HAVE received your despatch No. 99 of the 18th ultimo respecting certain clauses in the charter of the National Bank as regards minting rights and the importation of silver which appeared to be in contravention of the rights of the Imperial Bank of Persia.

Your action in the matter as reported in your despatch is entirely approved.

I am, &c.
(Signed) E. GREY.

[18870]

No. 267.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 110.)

Foreign Office, June 24, 1907.

Sir,

I HAVE received your despatch No. 111 of the 21st ultimo, relative to the representations made by the Russian Consul-General at Tabreez in connection with the stopping of a caravan containing arms destined for the Shah.

I approve Mr. Wratislaw's language to the Russian Consul-General as reported in the last paragraph of your despatch.

I am, &c.
(Signed) E. GREY.

[18868]

No. 268.

Foreign Office to Mr. Preece.

Sir,

Foreign Office, June 24, 1907.

WITH reference to my letter of the 10th instant, I am directed by Secretary Sir E. Grey to inform you that a further despatch has been received from His Majesty's Minister at Tehran stating that a member of His Majesty's Legation who has just reached that place, after travelling through the Bakhtiari country, is strongly of opinion that negotiations with the Bakhtiari Khans had better be left to Captain Lorimer, since as long as they find that, if dissatisfied with the result of their negotiations in one place they can go to another, *e.g.*, Tehran or Ispahan, and begin fresh discussion with some other authority in the hope of getting better terms, it is impossible to establish relations with them on a business footing. Sir C. Spring-Rice concurs in this view, and repeats his opinion that His Majesty's Legation should refrain as much as possible from direct negotiations with the Chiefs residing in the capital.

He therefore proposes to keep Captain Lorimer informed of all that passes, and to take no step without consulting him, leaving negotiations to him as far as possible.

I am to add that Sir C. Spring-Rice has as yet received no official intimation from the Persian Government as to the new Tekhani.

I am, &c.
(Signed) L. MALLET.

[21071]

No. 269.

India Office to Foreign Office.—(Received June 25.)

Dear Maxwell,

India Office, June 24, 1907.

IN continuation of our official letter of the 19th instant as to the Koh-i-Malik-Siah extension, I inclose a further Memorandum by Mr. Kirk, which may be useful in framing the instructions to be sent to Spring-Rice, if they have not already gone.

The telegram quoted in the present Memorandum shows that Spring-Rice is in

[21177]

No. 270*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 26.)

(No. 159.)

(Telegraphic.) P.

Gulahek, June 26, 1907.

PERSIAN Government's request for the suspension for three years of sinking fund.

The Russian Minister and myself are agreed that the demand should be made in writing.

Persian finances. Police and Cossacks have been paid; but the Persian Government have made a practical confession of bankruptcy by asking banks to consent to a delay of six months in repayment of debts in account current.

I propose to press the Government for settlement of claims, as financial reform is best insured by this method.

[1741]

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favour of proposing to the Persian Government a plan of paying for the cost of construction by a deduction from the payments we now make to Persia of instalments spread over a long period of years.

Yours, &c.
(Signed) R. RITCHIE.

Inclosure in No. 269.

*Note by the Director-in-Chief of the Indo-European Telegraph Department,
June 22, 1907.*

WITH reference to my note dated the 3rd instant, on the construction of the proposed line, Robat to Nasratabad, I have to report that I have received a telegram, dated the 21st instant, from the Director of Telegraphs at Tehran, to the following effect:—

“British Minister, Tehran, says do not include in your proposals any proposal to involve cash payment by Persia to us, but endeavour effect a recovery of charges by reduction of amount due by us to Persia, and spread payment over prolonged period.”

In my note I recommended that the line should be constructed by my Department for the Persian Government, and that when this Government paid the bill for the cost of its construction, the line should be made over to its control, the probability being that a long time would elapse before the bill was paid. However, as the British Minister at Tehran considers it would be more advisable to try and arrange for payment of the cost of the line by keeping back some portion of the subsidies that have, under the Telegraph Conventions, to be paid to the Persian Government, this alternative is one that should receive careful consideration. The objection to it appears to me to be that the Persian Government would claim control of the telegraph line from the first, as being their own property to be paid for by instalments. Whereas, under my proposal the line would remain under direct British control until such time as the payment for its construction had been made in full.

(Signed) H. A. KIRK.

[21147]

No. 270.

Treasury to Foreign Office.—(Received June 26.)

Sir,

Treasury Chambers, June 25, 1907.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Mallet's letter of the 4th instant, describing the circumstances in which His Majesty's Consulate-General at Ispahan was occupied in March last as a refuge by the party among the inhabitants hostile to the Zil-es-Sultan.

In reply, I am to request you to inform Secretary Sir Edward Grey that my Lords agree that the expenditure actually incurred in making good the damage done on that occasion may be charged (1), so far as relates to works of repair, &c., to the Diplomatic and Consular Buildings Vote; and (2), so far as relates to extra pay to sowars, guards, and servants, to the Vote for Diplomatic and Consular Services.

In this connection I am to advert to the last paragraph of Sir E. Gorst's letter of the 17th August, 1906, and to inquire whether any arrangement has yet been arrived at with reference to the custom of Persian subjects taking refuge in foreign Legations and Consulates.

I am, &c.
(Signed) G. H. MURRAY.

[1741]

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[20962]

No. 271.

Foreign Office to India Office.

Sir,

Foreign Office, June 26, 1907.

I AM directed by Secretary Sir E. Grey to transmit, to be laid before Mr. Secretary Morley, the inclosed copies of telegrams from His Majesty's Minister at Tehran,* relative to the financial situation in Persia.

There can be no question that the appearance of Germany as a serious political factor in Persia, which would inevitably result from a large German loan on adequate security, would be highly detrimental to British interests, and Sir E. Grey is of opinion that a loan from France, or, indeed, from any European country, would be scarcely less objectionable as likely to introduce possible complications into the situation which might neutralize the good results which it is hoped will follow the conclusion of the proposed Anglo-Russian Agreement.

As there is little doubt that the Persian Government will eventually be forced to accept foreign financial aid, the most desirable solution would be for them to accept the Anglo-Russian joint loan of 200,000L., which has already been offered to them, and is still held at their disposal subject to the consent of the Assembly.

Should, therefore, a request be made to the British and Russian Governments for the suspension of the sinking funds on their respective loans, as proposed by the Assembly, Sir E. Grey considers that it would be well worthy of consideration whether it should not be acceded to, on the condition that the Persian Government agree not to contract any loan with a foreign bank or Government without the option being first given to England and Russia.

Sir E. Grey would be glad to be furnished with Mr. Morley's views on the above suggestion.

I am, &c.
(Signed) LOUIS MALLET.

[20971]

No. 272.

Sir Edward Grey to Sir A. Nicolson.

(No. 93.)

(Telegraphic.) P.

Foreign Office, June 27, 1907.

PERSIAN Convention: See your telegram No. 106.

When Russian Agreement is known, it is certain that, if no mention is made of it, we shall be challenged as to our position in Persian Gulf. The proposed wording would entail, in any question raised by other Powers with England in the Gulf, the neutrality of Russia, but Russia would not be committed to guarantee that position, nor would any obligations be laid upon her to take action adverse to interests of other Powers. We should be prepared to consider any wording in which this is made clear, and thereby meet M. Isvolsky's objection that exception might be taken by the other Powers to what Russia had done.

Should this course not be adopted, should mention of the Persian Gulf be omitted in the Agreement, then I must in Parliament repeat Lord Lansdowne's declaration, explaining that as Agreement was mainly concerned with those regions of Persia which touch our respective frontiers, and was in the nature of a self-denying instrument, the introduction into it of a positive declaration respecting special interests in the Persian Gulf which might be considered to concern other Powers was not thought appropriate, but that I had no reason to suppose that difficulties between the British and Russian Governments would arise from the maintenance of the *status quo* in the Persian Gulf. It would, however, be very desirable, in view of Article 3, to have in the Agreement a statement to which I could point as evidence that Russia would not disturb the *status quo* in the Persian Gulf. You should press, therefore, to secure mention of Gulf in the Agreement, and the whole is likely to be imperilled through persistence in this.

[21299]

No. 272*.

Sir A. Nicolson to Sir Edward Grey.—(Received June 28.)

(No. 109.)

(Telegraphic.)

St. Petersburg, June 28, 1907.

FOLLOWING is the text of a Memorandum which I have just received from the Minister for Foreign Affairs:—

"In regard to proposal of British Cabinet to mention in the preamble of the Convention the special interest of Great Britain in maintaining the *status quo* in the Persian Gulf, that proposal, put forward at a moment when the negotiations seemed about to terminate, affords grounds for serious objections. It is of a nature to completely change the character and the scope of the proposed Agreement, which, in its 'partie résolutive,' does not at all touch upon the Persian Gulf, in regard to which there has hitherto never been any question during *pourparlers* between Russia and England.

"A new clause referring to a political question, the importance of which cannot be misunderstood, and which touches very complex interests, would reopen discussions, and might delay the signature not only of the Convention respecting Persian affairs, but also of all acts connected with all the other questions which have been treated. It should not be lost sight of that, besides Persia, there is also Turkey, to whom belongs more than half littoral of the Gulf, and who must consider herself as directly interested in question. There are, moreover, other Powers who would certainly consider themselves injured if an Agreement were made without their knowledge.

"It is very important to avoid everything which might provoke the objections of third Powers to the Agreement between Russia and England. It is incontestable that, in its present form, that Agreement does not touch any collateral interest, and cannot consequently give occasion for any pretext of any seriousness; but the clause proposed by the British Cabinet will not fail to create umbrage, and may become cause of an incident similar to that which followed on Anglo-French Agreement respecting Morocco.

"All these reasons move the Ministry for Foreign Affairs to earnestly beg British Cabinet to be good enough to withdraw its proposal to mention in the preamble its special interests in Persian Gulf. It is, moreover, well understood in formulating this request the Imperial Government does not at all mean to deny those interests, nor to exclude possibility of examining later on another occasion with the British Cabinet question of Persian Gulf."

[1741]

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[21300]

No. 273.

Sir A. Nicolson to Sir Edward Grey.—(Received June 28.)

(No. 110.)

(Telegraphic.) P.

St. Petersburg, June 28, 1907.

PERSIAN Convention: my telegram No. 109 of to-day.

Passage relative to equal opportunities for commerce of other countries. Russian Memorandum states that Imperial Government will agree to its retention in Preamble, together with amendment proposed by us.

I will endeavour to persuade M. Isvolsky, whom I am to see to-morrow, to consent to the clause concerning the *status quo* being inserted. I fear I shall not be successful, and I will then state that it will be necessary for you to make a public declaration of the views of His Majesty's Government in regard to this matter, and to add that there is reason to believe that no difficulties between Great Britain and Russia will be caused by this question.

We might take note of M. Isvolsky's admission in his *aide-mémoire* that the Russian Government do not deny our special interests in the Gulf, but perhaps you would not wish to agree to his suggestion that this question should be discussed subsequently by our respective Governments. I would propose, should omission of the passage be agreed upon by us, to inform him in writing that we take note of his recognition of our special interests, and that we abandon our proposal with a view to facilitate and expedite the conclusion of Agreement. I would propose not to mention any future discussions later in regard to these interests.

[21487]

No. 274.

Sir A. Nicolson to Sir Edward Grey.—(Received June 29.)

(No. 112.)

(Telegraphic.) P.

St. Petersburg, June 29, 1907.

PERSIAN Convention: Passage respecting *status quo*.

My telegram No. 110 of the 28th June.

My interview with M. Isvolsky to-day.

I have been considering best course to pursue, and, in view of his language to me last Wednesday, and of the Memorandum communicated by him yesterday, I feel convinced that any efforts to induce him to alter his opinion on this question will be unavailing. I propose therefore to make at once graceful concession, and will say that, in order to show our conciliatory disposition and to facilitate and expedite arrangement, His Majesty's Government do not insist, declaring, however, that, in our opinion, the Russian Government could have with safety met our wishes. I will also give him the sense of public declaration you propose to make in Parliament.

I trust you will not consider I am yielding too easily. Had there been a chance of success, and had there been no risk of imperilling all the arrangements, I would gladly have fought the matter out; but, under the circumstances, I consider these to be the best tactics, and they will be of utility in settling other outstanding questions.

As a reply to his *aide-mémoire*, I venture to propose that I should recapitulate the arguments used in your telegram No. 93 and those I made verbally to him at my interview on the 24th instant. With reference to the statement in his *aide-mémoire*, re the extent of the Turkish possessions in the Persian Gulf, I might perhaps remark that we cannot agree with this contention in view of our Conventions and Agreements with several Chiefs in the Gulf. I might conclude by adding that His Majesty's Government take note with pleasure of the acknowledgment by the Russian Government of Great Britain's special interests in the Gulf, and that in order to facilitate an arrangement, &c., we are prepared to agree to the wishes they express so strongly, &c.

[21489]

No. 275.

Sir A. Nicolson to Sir Edward Grey.—(Received June 29.)

(No. 113.)

(Telegraphic.) P.

St. Petersburg, June 29, 1907.

I THOUGHT it well after all to endeavour once more to induce Minister for Foreign Affairs to consent to insertion in preamble of clause we desire, and I repeated all the arguments I had previously used and those mentioned in your telegram No. 93.

[1741]

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He recapitulated what he had stated in his *aide-mémoire*, and said what he feared was not that Russia would be bound, but that third Powers would raise objections to the insertion. What he wished was that our Convention could arouse no objections whatever from third Powers. Taking into consideration that at least great delay would be caused, and the possibility of the successful termination of our negotiations being endangered by serious obstacles, I informed him that His Majesty's Government had no desire to be irreconcilable, and that we would do as he wished, adding that you would make a statement in the House if Parliament opposed our Convention.

I gave him the general sense of this statement, underlining the last phrase to the effect that to the best of our belief no difficulties would be caused between the two Governments by the maintenance of the *status quo*. His Excellency concurred, but expressed a desire to have general sense in writing. I replied that later I might possibly give it him in a private letter, but that at present I was not prepared to do so. Is there any objection to this?

He promised to hasten on the termination of our negotiations, and was immensely relieved at our concession.

I told him that he might expect very shortly a reply to his *aide-mémoire*, and I venture to send proposed draft reply in another telegram.

[21490]

No. 276.

Sir A. Nicolson to Sir Edward Grey.—(Received June 29.)

(No. 114.)

(Telegraphic.) P.

St. Petersburg, June 29, 1907.

I INFORMED M. Isvolsky that if the Russian Government adopted a friendly attitude in regard to the prolongation of the other British Telegraph Concessions in Persia His Majesty's Government would not insist on complete control over the Meshed Seistan line in the Russian sphere. I promised to reply shortly to his last Memorandum on this question. Do His Majesty's Government consider the draft proposed by him relative to the transfer of the two telegraph lines as acceptable? He was apparently not unwilling to accept the condition I proposed.

[21300]

No. 277.

Sir Edward Grey to Sir A. Nicolson.

(No. 94.)

(Telegraphic.) P.

Foreign Office, June 29, 1907.

PERSIAN Convention: Your telegram No. 110 of the 28th instant.

You might suggest the following alternative clause, should M. Isvolsky refuse absolutely to accept, as it stands, the wording of the clause relative to Persian Gulf: "Great Britain possesses special interests on Persian Gulf."

This is better than nothing, although not as satisfactory as could be wished; it would cover quarantine, &c.

There is some ground for the belief that instructions will be given to French Ambassador to support reference made in preamble to Persian Gulf.

If it is not too late, it might, under these circumstances, be better to allow a day or two to elapse, making the alternative proposal of a declaration in Parliament known to M. Isvolsky.

[21177]

No. 278.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 78.)

(Telegraphic.) P.

Foreign Office, June 29, 1907.

PERSIAN finance: Your telegram No. 159.

You may press Persian Government to settle bank claims, if you consider it possible to do so without forcing them to accept foreign financial aid from other quarters. Though I fully recognize the claim of the bank on our support, the moment hardly seems opportune from this point of view.

We are considering advisability of making our assent to suspension of sinking fund conditional on assurance that Persian Government will not contract loan with a

foreign Government or bank without Great Britain and Russia having first received the option.

Until the India Office and the Treasury have been consulted, we can give no answer to application for the suspension of the sinking fund, but in any case this application should be made in writing.

[21491]

No. 279.

Sir A. Nicolson to Sir Edward Grey.—(Received June 30.)

(No. 115.)

(Telegraphic.) P.

St. Petersburg, June 30, 1907.

PERSIAN Convention.

I received your telegram No. 94 of yesterday's date after my interview with M. Isvolsky. I am, however, now writing to him proposing new clause and urging him to accept its insertion. I am pointing out that it merely states a fact which is incontestable, and that therefore third Powers cannot possibly raise objections to it, that it leaves our Convention on unassailable ground and binds Russia to nothing, that it is not open to the objections which he raised to the former wording, nor does it expose Convention to those dangers he indicated. I am adding that a Convention regarding Persia, in which no mention whatever was made of British interests in the Persian Gulf, would be considered defective by many people in England, and the favourable reception of our Agreement, which it is so essential to secure, would be thereby weakened.

I am firmly convinced that M. Isvolsky would not have given his consent to the insertion of the clause regarding the *status quo*.

I would venture to point out as regards the intervention of the French Government that the introduction of a third Power into discussions hitherto exclusively conducted between ourselves might at this moment complicate matters. The fact of our having taken a third party into our confidence might possibly not prove agreeable to M. Isvolsky, who might consider himself free to consult with Germany and thus might cause difficulties.

[21492]

No. 280.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 30.)

(No. 161.)

(Telegraphic.) P.

Gulahek, June 30, 1907.

THE question of the quarantine improvements has now been referred by the Sanitary Council to a Special Commission, which, in a month's time, will issue a report on the subject.

[21493]

No. 281.

Sir C. Spring-Rice to Sir Edward Grey.—(Received June 30.)

(No. 162.)

(Telegraphic.) P.

Gulahek, June 30, 1907.

THE following are the provisions of the draft of the German Bank Concession, which was yesterday submitted to the Council of Ministers:—

Right to opt twelve existing mines of those owned by Government; recovery of debts with Government assistance; free sites for bank premises at Tehran and Tabreez; and right to import silver for coinage under existing conditions.

No doubt private promises of a loan have been given, but all mention of one was omitted from the draft by request of the German Minister.

I have told the Persian Government that the British Oil Concession must be respected, though His Majesty's Government has no objection to the establishment of a German bank.

With reference to your despatch No. 115 of the 25th July, 1906, I have also warned them against giving Concessions on islands or coast of Gulf—for example, on Hormuz, about which the Persian concessionnaire is anxious.